



**BUDGET COUNCIL
AGENDA**

for the meeting
on
8 March 2021 at
6.30 pm

To: To All Members of the Council

Date: 26 February 2021

The budget meeting of the **COUNCIL** which you are hereby summoned to attend, will be held on **Monday, 8 March 2021** at **6.30 pm**. This meeting will be held remotely

PLEASE NOTE: Members of the public are welcome to remotely attend this meeting via the following link: <https://webcasting.croydon.gov.uk/meetings/11767>

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26 February 2021

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If you require any assistance, please contact officer as detailed above.

AGENDA – PART A

1. Apologies for Absence

To receive any apologies for absence from any Members.

2. Minutes of Previous Meetings (Pages 7 - 100)

To approve the minutes of the meetings held on 19 November 2020, 30 November 2020 and 1 December 2020 as accurate records.

3. Disclosure of Interests

In accordance with the Council's Code of Conduct and the statutory provisions of the Localism Act, Members and co-opted Members of the Council are reminded that it is a requirement to register disclosable pecuniary interests (DPIs) and gifts and hospitality to the value of which exceeds £50 or multiple gifts and/or instances of hospitality with a cumulative value of £50 or more when received from a single donor within a rolling twelve month period. In addition, Members and co-opted Members are reminded that unless their disclosable pecuniary interest is registered on the register of interests or is the subject of a pending notification to the Monitoring Officer, they are required to disclose those disclosable pecuniary interests at the meeting. This should be done by completing the Disclosure of Interest form and handing it to the Democratic Services representative at the start of the meeting. The Chair will then invite Members to make their disclosure orally at the commencement of Agenda item 3. Completed disclosure forms will be provided to the Monitoring Officer for inclusion on the Register of Members' Interests.

4. Urgent Business (if any)

To receive notice of any business not on the agenda which in the opinion of the Chair, by reason of special circumstances, be considered as a matter of urgency.

5. Announcements

To receive Announcements, if any, from the Mayor, the Leader, Head of Paid Service and Returning Officer.

6. Scheme of Members' Allowances 2021-22 (Pages 101 - 108)

For Members to consider a report on the Scheme of Members' Allowances 2021-22.

7. Council Tax and Budget (Pages 109 - 280)

Please note that this report will be updated once the Council has received a decision from the Secretary of State on its request for a capitalisation directive and the updated report will also include further consultation responses.

a) Questions to the Leader

To last for a total of 15 minutes, the first three minutes available for announcements from the Leader.

b) Questions to the Cabinet Members for Croydon Renewal and Resources & Financial Governance

To last for a total of 15 minutes, the first three minutes available for announcements from the Cabinet Members.

c) Scrutiny Business Report

To last for a total of 10 minutes, the first two minutes available for announcements from the Chair of Scrutiny and Overview Committee.

d) Council Tax Debate

The mover of the budget recommendations shall have 10 minutes to speak, followed by the Leader of the Opposition who shall have 10 minutes to speak. There shall then be five further Members from each group called to speak for no more than three minutes each. The debate shall conclude with a right of reply from the Leader of the Council or other Cabinet Member for not more than five minutes.

At the conclusion of the debate the following recommendations will be taken through a recorded vote:

The Revenue Budget for 2021/22 and notes the 3 Year Medium Term Financial Plan as detailed within Section 11 which is based upon the:

- i. Council's request for a Capitalisation Direction of £150m covering financial years 2020/21 to 2023/24.
- ii. 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).
- iii. A 3.00% increase in the Adult Social Care precept (a charge Central Government has assumed all councils' will levy in its spending power calculations).

- iv. To note the draft GLA increase of 9.5% on the Council Tax precept for 2021/22.
- v. With reference to the principles for 2021/22 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 3.8 of this report.
- vi. The calculation of budget requirement and council tax as set out in Appendix C and D including the GLA increase this will result in a total increase of 5.83% in the overall council tax bill for Croydon.
- vii. The revenue budget assumptions as detailed in this report and the associated appendices.
- viii. The programme of revenue savings, income and growth by department for Financial Years 2021/22 to 2023/24 (Appendix A).
- ix. The Capital Programme as set out in Section 18, table 17 and 18 of this report, except where noted for specific programmes are subject to separate Cabinet reports.
- x. To agree that in light of the impact on the Council's revenue budget no Capital contractual commitment should be entered into until a review of revenue affordability has been concluded.
- xi. To approve that any receipts that come from the Council's Housing company Brick by Brick will first be applied to the accrued interest and any subsequent receipts will be used to pay down the principle loan balance.
- xii. To note there are no proposed amendments to the Council's existing Council Tax Support Scheme for the financial year 2021/22.
- xiii. The adoption of the Pay Policy statement at Appendix G.

Please note that this report will be updated once the Council has received a decision from the Secretary of State on its request for a capitalisation directive and the updated report will also include further consultation responses.

8. Recommendations of Cabinet or Committees to Council for decision (Pages 281 - 540)

To consider the recommendations made by Cabinet or Committees since the last ordinary Council meeting relating to the following matters:

Cabinet – 1 March 2021

- i. Treasury Management Strategy Statement, Capital Strategy, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2021/2022;

Cabinet – 18 February 2021

- ii. Rent Setting Policy for Council Homes;
- iii. Review of Brick by Brick Croydon Ltd: Brick by Brick Shareholder decision – the future of the company;
- iv. Croydon Equalities Strategy;

Ethics Committee – 11 February 2021

- v. Succession Planning for and Recruitment and Appointment of Further Independent Persons; and

Ethics Committee – 19 February 2021

- vi. Complaint under the Councillor Code of Conduct

9. Exclusion of the Press and Public

The following motion is to be moved and seconded where it is proposed to exclude the press and public from the remainder of a meeting:

“That, under Section 100A(4) of the Local Government Act, 1972, the press and public be excluded from the meeting for the following items of business on the grounds that it involves the likely disclosure of exempt information falling within those paragraphs indicated in Part 1 of Schedule 12A of the Local Government Act 1972, as amended.”

Council

Meeting held on Thursday, 19 November 2020 at 6.30 pm. This meeting was held remotely

MINUTES

Present: Councillor Maddie Henson (Chair);
Councillor Sherwan Chowdhury (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, Luke Clancy, Chris Clark, Pat Clouder, Stuart Collins, Mary Croos, Jason Cummings, Patsy Cummings, Mario Creatura, Nina Degrads, Jerry Fitzpatrick, Sean Fitzsimons, Alisa Flemming, Felicity Flynn, Clive Fraser, Maria Gatland, Lynne Hale, Simon Hall, Patricia Hay-Justice, Simon Hoar, Steve Hollands, Yvette Hopley, Karen Jewitt, Humayun Kabir, Bernadette Khan, Shafi Khan, Stuart King, Toni Letts, Oliver Lewis, Stephen Mann, Stuart Millson, Vidhi Mohan, Michael Neal, Tony Newman, Steve O'Connell, 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

Officers: Katherine Kerswell (Interim Chief Executive)
Jacqueline Harris Baker (Executive Director Resources)
Elaine Jackson (Assistant Chief Executive)

PART A

Madam Mayor wished Annette Wiles, who had supported Council meetings during her time at Croydon Council, the very best for the future and thanked her for her support and assistance during the previous year and a half.

133/20 **Disclosure of Interests**

There were none.

134/20 **Report in the Public Interest**

Madam Mayor informed Council that the meeting was being held in accordance with Section 24 and Schedule 7 of the Local Audit and Accountability Act 2014 following the publication of the Report in the Public Interest by Grant Thornton on 23 October 2020.

The report included 20 recommendations, of which nine were high priority. The agenda also included the Council's Action Plan which sought to respond to those recommendations.

Council were informed that, following the agreement of the two Group Whips, the meeting would run in the following order:

- Presentation from Grant Thornton
- Questions of a factual nature to Grant Thornton
- Statements from the Leader of the Council and Leader of the Opposition
- Question Time with the Leader, Cabinet, and Chairs of the General Purposes and Audit Committee and Scrutiny & Overview Committee
- Debate on the recommendations
- Vote on the recommendations

Presentation from Grant Thornton

Sarah Ironmonger, Director, and Paul Dossett, Partner and Head of Local Government at Grant Thornton, were welcomed to the meeting and provided Council with a presentation. A copy of the presentation can be found online (<https://democracy.croydon.gov.uk/ieListDocuments.aspx?CId=134&MId=2463&Ver=4>)

The Head of Local Government set out that a Report in the Public Interest (RIPI) was a statutory duty of auditors under the Local Audit and Accountability Act 2014. Other statutory duties included making statutory recommendations, issuing advisory notices and applying for judicial reviews of decisions. These duties were used sparingly and as such, it was noted that it had been a number of years since Grant Thornton had issued such a report in the public interest, however another had been issued that year. Council were assured that the issuing of such a report was taken seriously and there was a robust process in place to establish that it was the right action; including consulting partners and the firm.

It was noted that the RIPI issued in relation to Croydon Council was more general than other RIPI's published, which were normally in relation to specific issues or specific failures in governance. The Croydon RIPI had a cross cutting set of recommendations and assessments in respect of the financial sustainability and financial management of the council. It was stated that it was hugely important that the Council responded positively to this report and recommendations raised as it was fundamental to the future sustainability of the Council.

The Grant Thornton Director advised Members that the report was split into three areas; financial matters, other matters and governance.

It was noted that the financial position of the Council had deteriorated over a number years; particularly in respect of overspends in children's and adults social care and support for Unaccompanied Asylum Seeker Children (UASC). Whilst it was recognised that these overspends had been reported and that there was always context to those overspends, such as reductions in funding, increased levels of demand and responding to the inadequate Ofsted rating, other authorities had also experienced those challenges and had not reached

the same financial situation. The council, it was stressed, had a responsibility to operate within the funding it had.

It was reported that Grant Thornton had found it difficult to determine whether there had been adequate challenge by Members of these overspends to understand the underlying causes. As such, it had been difficult to establish that effective action had been taken to address overspends.

Members were informed that reserve levels had been very low for a number of years and in recent years had been reduced year on year to the point that the authority's reserves were the lowest in London. It was further noted that the Council's Financial Strategy had been amended in 2018/19 to have reserves between 3 - 5%, however it was noted that there was insufficient evidence that this decision had been challenged by Members in terms of its appropriateness. Council were informed that Grant Thornton had raised concerns in relation to the reserves levels in its 2017/18 value for money conclusion and this had been a significant factor in its adverse qualification in 2018/19.

Council were advised that Grant Thornton were not the only organisation highlighting concerns in relation to Croydon's reserve levels; CIPFA resilience index and the Institute for Fiscal Studies tools also raised concerns which were not responded to.

The Grant Thornton Director stated that there was guidance on the use of capital receipts; that expenditure had to generate ongoing savings or transform service delivery to facilitate reductions in expenditure. A strategy on how capital receipts would be used had been presented in December 2017 and the amounts used had been reported. It had been reported that the council had invested £73m of public money via the use of capital receipts over a period of three financial years but the external auditors were unable to see adequate challenge of the use of these monies to ensure the right investments were being made and that reduction in service expenditure was being realised. It was stated that Grant Thornton had requested that use of flexible capital receipts be reviewed to determine whether or not the transformation funding had been used appropriately.

It was noted that at Quarter 2 of 2019/20 financial year a £10million overspend had been reported, which was the same level as the earmarked general fund reserves. By Quarter 3 the outturn and overspend had reduced to just over £2million, but that this had only been possible by applying a significant number of corporate adjustments. It was recognised that as the external auditor it was their role to challenge the validity or corporate adjustments but it would have been expected that Members would also provide strong challenge to those adjustments however there was limited evidence of this.

The presentation addressed the budget setting for 2020/21 which was recognised as challenging, even pre-covid. The financial gap had been identified and a plan to meet that gap had been drawn up which included

substantial savings and income generation, however concerns were raised that any such plan should have a robust risk assessment and project management in place. Grant Thornton stated that it had been difficult to assess how the Council had performed throughout the year against those planned savings as it had been separately reported. It was further noted that the planned savings were double than those identified in previous years and that this should have been challenged by Members when setting the budget. Despite these challenges, it was noted the budget had been voted for by all in the Council Chamber.

Grant Thornton stated that despite the challenging savings plan and the adverse qualification by the external auditors in 2018/19 these factors did not appear to have been taken into consideration by the Council when setting its budget. Grant Thornton, however, were concerned and were considering statutory recommendations.

Members were informed that the external auditors had written to the previous Chief Executive in April 2020 and set out the actions which they considered to be vital to address the financial situation. In response, a Finance Review Panel was convened in late May 2020 when the financial gap was identified as being £65million. It was noted that good progress had been made to close that gap, however by 22 July Panel meeting it was clear that the budget gap could not be met and discussions took place in regard to making an informal approach to the Ministry of Housing, Communities & Local Government (MHCLG) for a capitalisation direction. It was, however, noted that by November the Section 151 Officer had reported the financial gap as £66m and so it was felt that there had been insufficient action to address the issue. It was further raised that the Head of Internal Audit and the Financial Consultant had also raised areas of required improvement and it was recommended that the actions being taken should be monitored by the General Purposes & Audit Committee (GPAC).

It was noted that the Section 114 Report issued by the Council's Director of Finance, Investment & Risk and Section 151 Officer set out the Council's financial position.

The Treasury Management Policy was highlighted by Grant Thornton as there had been substantial increases in borrowing in the previous three years. It was stated that it was important that as Members they understood what an appropriate level of borrowing was as interest rates had an impact on budget pressures. Prudential indicators showed that the Council's borrowing levels were at or above the level which was considered prudent. It was stressed, in response, that it was important that Councillors understood whether the borrowing levels were affordable as they had a responsibility to look after public money. Members were informed that the interest payments on borrowing further added pressure on the annual budget, and whilst borrowing was not inherently wrong it was important to fully understand the affordability of that borrowing and whether that borrowing would deliver ongoing benefits for residents.

The borrowing, Grant Thornton noted, was to predominantly fund the Asset Investment Strategy and the Revolving Investment Fund. It was recognised that other council's had also invested in property, however the varying degrees of risks of those investments needed to be assessed. Additionally it was stated that those risks could be mitigated by robust due diligence and seeking expert advice.

It was recognised that investments would have been impacted in 2020 due to the impact of the pandemic, as both retail and leisure markets had been particularly hit, however it was stressed that the underlying risk assessment and management of those properties needed to be robust to ensure mitigations were in place.

The presentation highlighted that the Revolving Investment Fund had been established to invest in schemes which would pay back higher returns than the amount invested. It was noted that when the scheme was agreed there was little evidence that Members challenged the continued use of the scheme, whether the intended benefits had been achieved or whether the third parties which were being lent money remained financially sound. Concerns were raised that the risk assessment for the Fund had not been completed which was another example of a lack of financial rigour within the organisation.

The Council's structure of groups and organisations which it had established was highlighted by Grant Thornton as being a complex structure which was challenging to understand. The Grant Thornton Director highlighted that the RIPI set out clear concerns in relation to Brick by Brick, which the Council was sole shareholder of. It would have been expected that there was clear governance in place to ensure the safeguarding of public money as loans in excess of £200million had been given to Brick by Brick. Whilst it was noted that external support had now been brought in to understand the company structure, it was felt that there had been insufficient scrutiny or challenge to ensure that the company was delivering what it was intended to deliver. It was suggested that, as this was not an area which Council's traditionally held expertise on, that in future the Council should invest in expert support to understand the risks of investments if it ever sought to invest in the future.

The Grant Thornton Director stated that the overarching theme in the RIPI report was governance. The report noted that there had been opportunities in recent years when the Council could have, and should have, taken action to mitigate the financial position of the authority to avoid the position the Council found itself in; that the financial pressures exceeded the reserves position. It was stated that there were warning signs within the report; including reported overspends and reliance on savings and income generation; and that the Council should have taken action to address those concerns.

It was stated that Members had a responsibility to Council Taxpayers to understand the implications before entering arrangements which would have a long term financial impact. The Governance Review undertaken by the Council was noted by Grant Thornton as identifying that structures were in

place but that improvements in the culture of decision making were required; especially when relating to financial sustainability. It was concluded that the missed opportunities represented deficiencies in financial planning, financial management, risk assessment, communications between officers and Members and challenge from Members prior to the approval of strategies and plans.

The presentation reflected upon the role of Members and the improvement journey. It was noted that as the financial challenges of local government increases the challenge for Members had also increased. It was recognised that being a Member of a Council was complex job as it required an in-depth understanding of the local authority and keeping abreast of information to support decisions on spending and income generation. It was stated that in Croydon, this role was not being conducted effectively.

The Grant Thornton Partner reflected that in previous years the role of Members in Croydon had been more difficult by the complexity of the arrangements the Council had entered. Nonetheless, it was stated, it was felt by Grant Thornton that there was room for improvement as was set out in the RIPI. It was stated that the role of Members was crucial throughout the whole decision making process; Members were the decision makers and officers were there to advise and exercise certain statutory functions.

The role of scrutiny and audit was highlighted in the presentation and it was noted that often the most effective scrutiny had been from the administration undertaking its role of providing challenge or from cross-party challenge. Scrutiny and audit, it was noted, should be collaborative in working to the best interests of the residents of Croydon. Furthermore, the role of Members, it was stressed, was not to micro-manage services; it was to scrutinise policy direction and provide challenge, while the role of officers was to execute the policy set by Members. The challenge of Members in formal meetings should be recorded, it was stated, and so there was a clear audit trail of questions asked by Members and the responses that they received.

The Grant Thornton Partner concluded that they had been pleased with the Council's response to the RIPI to-date; that the issues and challenges had been acknowledged by officers and Members and an improvement journey had started. It was stated that whilst there would be hurdles to overcome, which would be highlighted within critical audit commentary, the direction of travel was one, and needed to be taken.

Madam Mayor thanked the representatives of Grant Thornton for their presentation and the care with which they set out the issues for consideration.

Questions of a factual nature to Grant Thornton

Council were advised that thirty minutes had been allocated for questions to Grant Thornton on a factual nature concerning the RIPI.

The Leader of the Opposition, **Councillor Perry**, noted that the RIPI referenced that Grant Thornton had written to the former Chief Executive in April 2020 in relation to their concerns regarding the financial situation of the Council. That letter, it was stated, had been marked 'Private and Confidential' and so had not been shared with Members. Councillor Perry queried whether it was normal for a letter of that nature to be marked 'Private and Confidential'.

In response, the Grant Thornton Director stated that the letter had been marked as such as the country was under tight restrictions and the external auditors had wanted to ensure the letter was received by the previous Chief Executive.

Councillor Perry further asked whether it was normal for such a letter to be marked as 'Private and Confidential' and whether this was due to it being sent to an individual. He further queried whether it would be possible for the letter to be released to Members.

The Grant Thornton Director confirmed that she had no issue with the letter being released to Members; that it had not been the intention that it remain restricted rather that the marking of the letter was only to ensure it was received. In terms of the content, it was stated that this was largely covered in the first section of the RIPI.

Councillor Audsley requested clarification on Grant Thornton's experience of both officers and Members responding to previously raised concerns and what their expectation would be.

It was confirmed that Grant Thornton had first raised concerns in 2017/18 with value for money conclusions being reported to GPAC in July 2018. Following that report there were agreements that actions would be taken and the Director from Grant Thornton stated they would have expected that those actions would be implemented. It was further stated that it would be expected that there would be routine reporting to GPAC on the implementation of those actions. In 2018/19 the adverse value for money conclusion had been reported; in addition the report noted that the recommendations from 2017/18 had not been implemented. It was stated that in response to the 2018/19 report it would have been expected that there would be great urgency to rectify the situation. As it was felt that action had not been taken Grant Thornton continued to raise concerns.

It was stressed in response to the question that Grant Thornton would expect the Council to follow up on any recommendations from external auditors, financial consultants or the Head of Internal Audit to ensure implementation.

As a supplementary question, Councillor Audsley, queried how Grant Thornton would expect a backbench councillor to receive information and what his responsibility would be to support the council as part of the collective responsibility of the Council.

It was confirmed by the Grant Thornton Director that GPAC had received the reports from the external auditors. Audit committees ordinarily submit annual reports to Council which set out how recommendations had been implemented. The Partner from Grant Thornton further noted that one of the recommendations from the Redmond Review had been that the annual attendance of external auditors at Council meetings should be reinstated to facilitate further Member questioning of their findings and assurance that recommendations were being implemented.

The complex arrangements of subsidiary companies referenced within the RIPI, including the creation of a charity and LLP, was noted by **Councillor Jason Cummings**. It was queried whether these organisations were legally distinct from the Council and whether the charity functioned as a charity or whether it was corporate body set up for tax purposes.

In response, the Grant Thornton Director stated that Croydon Council had a variety of companies which it was associated with and that some of those were legal entities of themselves. It was confirmed that the Council was the sole shareholder of Brick by Brick and London Borough of Croydon Holdings LLP held the Council's share of the interest in all the smaller companies. The LLP, it was stated, had been struck off by Companies House and was the holding company which the Council owned 100% of.

Councillor Jason Cummings raised concerns that the company structure had been created in order to enable the Council to use Right to Buy receipts and queried whether the company structure satisfied the requirements in terms of the use of those receipts. It was recognised that if this was not the case then the Council could be liable to return the money to the Government which would further impact the financial position of the Council.

The Grant Thornton Director confirmed that they had reviewed some of those receipts and were working on reviewing those from the 2019/20 accounts. In previous years, it was stated, the external auditors had been able to satisfy themselves of the process used but needed to fully review the process in 2019/20.

After reviewing previous GPAC meeting minutes, **Councillor Mann** stated that there appeared to be a breakdown between the Council and auditors as the minutes recorded that discussions were held that stated there were strong plans for growth and robust mechanisms in place to deliver despite significant pressures. Councillor Mann queried how the relationship between the Council and external auditors could be strengthened to ensure that such a breakdown did not take place again and that concerns were acted upon in future.

In response, the Grant Thornton Director reflected that during the GPAC meeting where she reported the adverse value for money conclusion that questions from committee members had not been directed to her. It was suggested that should Members have concerns that they request more regular updates from officers or invite the external auditor to attend meetings

more regularly to understand the level of concern being expressed or to assess progress made.

It was further noted that it was not the role of the external auditor to jump in but rather to consider the council's approach and to reflect on the risks that the council had taken. The Grant Thornton Partner reflected that there had been a period of growth, in both London and the South East, and that the economic outlook had looked positive in terms of growth and opportunities as such the external auditor had considered this when reviewing the risks taken by the Council in the past.

The Grant Thornton Partner stated that when the external auditors had raised concerns and had reported an adverse value of money conclusion there had been little reaction from the Council when it would have been expected that Members would demand action and hold appropriate Members to account. Robust challenge and action was expected going forward, whether concerns were raised by external auditors, internal auditors, or financial or governance stakeholders. In context, the Partner stated that very few Council's received such a qualification.

Councillor Hale noted on page 19 of the RIPI that London Borough of Croydon Holdings LLP had been written to twice by Companies House prior to strike off proceedings starting and queried when those letters had been sent and when Grant Thornton had seen them.

In response, the Grant Thornton Director stated that she had seen the letters and it was established that the company had been struck off in December 2019 when a search of Companies House was conducted as part of the external auditors planning process ahead of an audit.

Further queries were made by Councillor Hale as to whether Grant Thornton would expect Members to be informed of the LLP being struck off as it was noted that she was first informed of this in the RIPI.

The Grant Thornton Director noted that in the RIPI it was stated to be a failure of the Council to establish adequate arrangements to fully understand the position of the Council's companies. As such, there were no mechanisms in place to inform Members of this position or to allow for challenge. This was an area that the external auditors felt should be reviewed going forward.

In response to **Councillor Hay-Justice's** question of examples of best practice from other councils, the Grant Thornton Director highlighted the external audit report from 2017/18 included recommendations and best practice would have been for GPAC to request updates on the implementation of the recommendations. It was noted that another London Borough had failed to implement some recommendations from a previous year and recognised that this would not be accepted by that council's Members as if recommendations are accepted then it was appropriate for them to be implemented.

Additionally, the Grant Thornton Partner stated that it was important that Members saw both external and internal auditors as partners who will provide assurances but also scrutiny and challenge as their roles require. Recommendations made by auditors are made due to an evidence base and so Members can be assured that there are real concerns which should be addressed.

Councillor Hay-Justice noted that in recent months there had been a number of changes within the leadership of the Council and queried whether the external auditors had witnessed any demonstrable change in behaviour and culture of the organisation following those changes.

In response, Grant Thornton stated that in recent months they had seen a greater urgency and pace in response to the points raised. It was further reported that the Director from Grant Thornton had attended all meetings of the Finance Review Panel and there had been more challenge around the required actions in recent months. Whilst changes had been made, it was noted that changes in leadership were not the sole solution to the challenges facing the Council and that cultural changes needed to be embedded in the organisation also which would take time. The importance of scrutiny and challenge from Members was highlighted as being important in the evolution of the Council but that it was important that Members recognised that change took time.

It was noted by **Councillor Gatland** that the RIPI was critical of the Council's handling of the Dedicated Schools Grants and queried whether there remained a disagreement with the Council on the how the overspend on high needs had been handled.

In response, the Grant Thornton Director confirmed that the external auditor had not agreed with the Council's approach in 2018/19 but that this accounting treatment had been reversed in the 2019/20 accounts. It was recognised that the Dedicated Schools Grant remained a challenge for the Council, however it was stated that there were a number of authorities which were also struggling to contain the costs of the higher needs students. The impact on Croydon was noted to be that the way it had been accounted had reduced the Council's reserves further.

Councillor Gatland queried whether the external auditors concerns in relation to the treatment of the Dedicated Schools Grant should have been reported to not just Members but the Schools Forum also. In response, the Director from Grant Thornton stated that as external auditors they had not agreed with the accounting treatment and this had been report to GPAC in July 2019. Any further reporting on these concerns, such as to the Schools Forum, would be a matter for the Council to manage.

In response to **Councillor Clouder's** question on whether, in Grant Thornton's assessment of the Council's approach to risk management on borrowing and investments, Croydon Council differed from local government best practice, the Director from Grant Thornton referenced the Prudential

indicators. It was noted that there were a number of local authorities which were not reaching the top end of those indicators, and whilst borrowing had been reported it would be expected that Members would challenge that level of borrowing as Croydon was at the top end of the indicators which suggested that it would become difficult to manage that level of borrowing.

Councillor Clouder queried what more both officer and Members should have been doing in their respective roles to have avoided such a situation. It was stated that the reports submitted for decision should have been clear on the risks such as reserve levels were falling and that overspends continued rather than focusing only on the delivery of the Council's vision. Members, it was stated, should have been challenging more and requesting further detail in reports to properly understand the position of the Council.

Councillor Jason Cummings noted that a report which went to Cabinet in July 2017 established the Revolving Investment Fund of a revolving fund of £25million, and queried whether the external auditors were content that the Fund had worked as it was expected to and that the debts had been paid off. In response, the Grant Thornton Director stated that she would need to review all the files to provide a full answer but was aware that the amount paid in 2018/19 had appeared on the long term debtors figure and that had been paid off in April 2019. As such, it was confirmed that elements of the Fund had worked as anticipated.

The overspend on UASC was noted by Councillor Woodley and it was queried what would have been the appropriate challenge from councillors regarding this overspend in 2017/18 and 2018/19. It was recognised by Grant Thornton representatives that it was difficult matter but that councillors should have been aware of the UASC budget, noted that it was overspent by a large amount and challenged what could have been done differently. It was stated that it was reasonable for the Council to have been lobbying Government for more funding, but that concurrently Members should have been challenging officers on how services could have been delivered safely within the funding envelope available. Alternatively the Council could have continued to spend that money but saved money elsewhere to balance the budget.

Councillor Woodley noted that in accordance with the Home Office's formula Croydon should have been supporting 77 UASC, however it had been supporting around 400 children. It was further stated that the Council had a statutory duty to look after those children and so beyond lobbying the Councillor queried what more the Council could have done. In response the Director from Grant Thornton stated that the Council received funding based on an amount per child per night and so the funding should have increased in line within the higher number of children.

Madam Mayor advised Council that the thirty minutes allocated to questions to Grant Thornton had been reached and thanked both Sarah Ironmonger, Director, and Paul Dossett, Partner and Head of Local Government at Grant Thornton for their support and for answering Members questions.

Statements from the Leader of the Council and Leader of the Opposition

Madam Mayor called the Leader of the Council and the Leader of the Opposition to give their responses to the RIPI and advised that each Leader would have up to five minutes for their statements.

The Leader of the Council, **Councillor Hamida Ali**, began by stating that it was recognised that there were serious matters of discussion before Council and Members had a responsibility to consider the auditor's report as part of the Council's duty to draw the public's attention to the report and agree an action plan to address the concerns raised. It was noted that RIPI's were rare and the one on Croydon Council was only the fifth one and raised fundamental issues in relation to the Council's financial resilience and the governance of financial decision making.

Members were informed that the Administration fully accepted the findings in the report and the recommendations of Grant Thornton, and in recognition of the changes required had added some more recommendations to the report. The Leader stated that she would have overall responsibility for the Council's response and stressed that she was committed to diving forward the required improvement.

The Leader of the Council reflected that when she first read the report her response, like all Members, was one of shame, self-reflection and determination to change. When the report was first published the Leader stated that she had publically apologised and committed herself to putting the situation to rights as her top priority. This apology and commitment to the people of Croydon and Council staff was reiterated.

The auditor's report, the Leader noted, highlighted issues across all aspects of the Council including politically for the executive and non-executive and the Administration and Opposition.

The Leader of the Council recognised that residents, staff and stakeholders were concerned about the Council's position and how that would impact them. It was confirmed that as part of the Council's recovery there would be a drive to rebuild that trust with all stakeholders.

It was stated by the Leader that the meeting that evening was not just focussing on the position the Council was in but how it could move forward the Action Plan which had been put to Council for agreement. The Action Plan sought to set out how the Council would address the auditor's recommendations and launch a process of recovery and renewal for the organisation. The Leader noted that the Action Plan had been developed by staff across the Council and thanked the Interim Chief Executive and her team for developing the Plan and also thanked all staff who continued to deliver Council services and supported the communities of Croydon. External sources of support were additionally recognised as having been crucial in informing the development the renewal of the organisation including; Grant Thornton, members of the Finance Review Panel, the Local Government

Organisation and the team working on the Government's Non-Statutory Rapid Review.

Council were informed by the Leader of the Council that the Action Plan was just one element of the improvement work which was required. The Croydon Renewal Plan, it was stated, would provide a clear journey of improvement and will reflect the output of many of the reviews which were being undertaken, such as the Finance Review, the Strategic Review of Companies and the Non-Statutory Rapid Review which would all inform the work of the Council going forward.

The progress of the Council would not, it was stated, be only reliant on the Council's own assessment; rather the Action Plan sought to establish an independent Improvement Board which would track progress and challenge and hold the Council to account on its commitments. This, the Leader stated, would open the organisation up to external scrutiny.

The necessary cultural shift within the Council was noted by the Leader to be in progress with the new leadership of the Administration and the approach which had been taken by the Interim Chief Executive, but it was recognised that such issues that Croydon faced would not be resolved overnight. The Council, however, was committed to become an organisation which lived within its means, provided best quality cost services which were rooted in the communities through the utilisation of a professional and inclusive workforce.

The Leader of the Council concluded that she did not underestimate the challenge facing the organisation but stated that she was encouraged that Grant Thornton had noted that they were pleased with the progress made in recent months and remained grateful for the support from all stakeholders who were willing to support the Council in its journey to improvement.

Madam Mayor invited the Leader of the Opposition to address Council.

The Leader of the Opposition, **Councillor Perry**, stated that it was with great sadness that such a meeting was required and that the borough had been brought to its knees, in his opinion, due to the choices of the failing Labour Council. It was recognised that whilst the meeting had been convened to discuss the auditor's RIPI, the position of the Council had developed further with a Section 114 Notice having been issued and Council staff were thanked for their work and for continuing to deliver during such a difficult period.

It was stated by the Leader of the Opposition that Croydon Council had been financially negligent and that due to a lack of financial management the RIPI on the organisation had been more cross-cutting than the norm had been. It was noted by Councillor Perry that the auditor's had expressed concern that an organisation should not stack up large volumes of borrowing and that the Council had not heeded this principle.

The Leader of the Opposition stated that Conservative councillors and residents had read the report from Grant Thornton and the cross cutting

criticisms of the management of the Council's finances. It was highlighted that the report and presentation from the auditor's noted that the issuing of a RIPI was the most serious measure an external auditor could take and only five had been issued nationally since 2015, none of which had been in London. This situation, the Leader of the Opposition stated showed, in his opinion, how shocking the incompetence of the Labour Administration had been with the Council experiencing deteriorating financial resilience, previous auditor recommendations had not been implemented and opportunities to rectify the situation had been missed.

It was highlighted by the Leader of the Opposition that the Council's debt level had doubled since 2014 to £1.5billion which equated to £15,000 borrowed every hour since the Administration took office. Due to the financial position of the organisation, it was noted, it had become necessary to request a Capitalisation Direction from the Conservative Government. The Leader of the Opposition further noted that the Council's reserves had been reduced to £7million, that £250million had been lent to Brick by Brick and that the auditor's had raised concerns that the use of £73million of transformation money had not realised the aim of reducing demand or delivered savings. It was also highlighted that Grant Thornton had raised concerns in the RIPI that the Council had been focussed on service improvement and lobbying for more funding without sufficient focus on managing overspends.

At a meeting of GPAC, the Leader of the Opposition, noted that an independent expert had been brought in to review the financial processes and that errors had been made year on year to allow overspends to continue. It was stressed that those Members which had been part of the Cabinet shared responsibility for those overspends which had been challenged by Members of the Opposition on several occasions over the years. The Opposition, it was stated, had also challenged investments which had not delivered the intended outcomes and had highlighted overspends.

The Leader of the Opposition suggested the Labour Administration had been more interested in buying failing hotels or shopping precincts and complaining that it was not properly funded rather than concentrating on managing budgets which had overspent and ensuring the Council's reserves did not continue to decrease. Due to this focus, the Leader of the Opposition stated it would be the poorest and most vulnerable residents in Croydon which would suffer most as services were cut back to manage the budget.

A collective corporate blindness to both the seriousness of the position and the urgency of required action was highlighted by the Leader of the Opposition, and it was further stated that the lack of urgency continued within the Council with the Action Plan having not been intended to return to Council for another year. Amendments to recommendations 1.8 and 1.9 had been proposed by the Opposition and accepted by the Administration to ensure that Members received quarterly updates to ensure Members remained abreast of progress.

The Leader of the Opposition acknowledged there was a new Leader of the Council, however highlighted that Councillor Hamida Ali has been in the Cabinet during the period that financial governance had deteriorated within the Council. As such, it was stated that the Opposition had concerns that it would not be possible to trust the Cabinet to deliver the Action Plan; especially in light of savings had been taken to the September meeting of Cabinet of which £17million worth had subsequently been identified as having been double counted. The Leader of the Opposition concluded that the Conservatives would not support recommendations 1.3 and 1.6 of the report as they did not believe that the Administration could deliver and it was stated Croydon deserved better.

Question Time with the Leader, Cabinet, and Chairs of the General Purposes & Audit Committee and Scrutiny & Overview Committee

Madam Mayor advised Council that 60 minutes had been allocated for questions to the Leader, Cabinet and the Chairs of the General Purposes & Audit Committee and Scrutiny & Overview Committee.

Councillor Perry noted that the Leader had been a member of the Cabinet for a considerable period of time and had supported the decisions of Cabinet; as such he queried how she could be considered a “new broom” when she had been part of the decision making which had gone before. In response, the Leader agreed that she had been part of the previous Cabinet and took her share of the responsibility for the position the Council was facing, however she reminded Council that the auditor’s had stated that it was corporate challenge for all of the organisation to tackle. The Leader, did however, accept that Cabinet had a disproportionate responsibility in the decision making of the authority.

The Leader confirmed that she remained resolutely focused on correcting the situation and stressed that she was surprised that the Opposition sought to reject the Action Plan which sought to put the Council on the right footing for the future; to address the organisation’s financial sustainability and decision making governance. It was stressed by the Leader that it was of paramount importance that the organisation looked forward and implemented the Action Plan.

Councillor Perry, in his supplementary question, noted that he felt the Council would move forward but that it was the role of the Opposition to hold the Administration to account and that it was their intention to fulfil that role. It was clarified that the Opposition did not believe the Administration were able to deliver the Action Plan and that was the reason for not supporting it. Councillor Perry noted the Leader’s desire to put things right and pointed to a few members of the Labour Group who, in his opinion, had brought the borough into disrepute and so queried whether the whip would be removed from those Members and called for their resignation as it was felt that it was inappropriate to remain councillors for further 18 months until the next Local Election (2022).

The Leader stated, in response, that one of the recommendations within the paper was to establish an independent Improvement Board which would include Opposition participation. The purpose of that Board, it was noted, was to hold the Council to account to the delivery of the commitments within the Action Plan and improvement journey. The Leader reiterated that, given the corporate challenge facing the organisation and the auditor's statement that all Members across the Chamber had a responsibility to contribute to the response, the Opposition would oppose the Action Plan.

The leadership of both the Cabinet and Council was noted to have changed and that people who were previously in roles were no longer in place. It was however noted that problems facing the Council were not just the responsibility of specific individuals but was a systemic issue. The Leader stressed that the important matter of the meeting was to consider the auditor's advice, their report and to consider the Action Plan to move forward and address the fundamental issues raised. Addressing these issues, it was noted, would take time but was the focus for the Administration going forward.

Councillor Fraser in his question to the Cabinet Member for Resources & Financial Governance noted it was important to look beyond party politics and look to address the system issues faced by the Council. It was queried what the Cabinet Member expected the capacity within the finance team to be and whether that capacity would be enhanced where necessary to support the council's response to the financial challenges.

The Cabinet Member for Resources & Financial Governance stated in response that ensuring the finance team had both the capacity and capability was vital to the Council's journey of financial improvement. It was recognised that the team had been stretched in recent months and investment in the team was necessary to improve performance. All vacancies had been filled and the team, it was reported, had been bolstered with half a dozen extra finance officers to support the additional demands on the services and 100 days of work from PwC had also been brought in to improve financial monitoring and training. The Cabinet Member noted Grant Thornton had stated earlier in the evening that they had noticed some improvement in the pace of change which he felt was reassuring that the Council was starting to head in the right direction.

Councillor Fraser in his supplementary question requested details on how the new arrangements within the Council would improve risk management assessments, with particular reference to financial investments. In response, the Cabinet Member stated that everyone would be trained and highlighted training by the Local Government Association (LGA) which he had attended and hoped would be rolled out to all Members. The Cabinet Member further stated that he would hope financial training would be mandatory as it was important for all Members to understand the risks when taking decisions.

Councillor Hale noted that the minutes of the February 2020 Cabinet meeting recorded Councillor Hall (then Cabinet Member for Finance & Resources) as stating Brick by Brick was providing dividend payments to the

Council and that dividend and interest payments were supporting the delivery of frontline services. Furthermore, the September 2020 Cabinet minutes recorded the same Member confirming that Brick by Brick were required to repay loans and that payments were up to date, however the RIPI stated that no dividends or interest payments had been made.

In response, the Leader noted that the September 2020 Cabinet meeting commissioned PwC to review the Council's company structure, which included Brick by Brick. The report following that review was due to be taken Cabinet the following week. The Leader stated that from the work to understand the Council's financial position, including the worsening position at Quarter 2 was partly due to not receiving repayments from Brick by Bricks or any dividends.

In her supplementary question, Councillor Hale noted that the truthfulness element of the Nolan principles was due to be reintroduced by the Administration but queried when that principle had been removed by the Council. The Leader stated that the report before Council reminded both Members and officers of the importance of the Nolan principles. It was further noted by the Leader that the audit report highlighted the corporate nature of the challenges facing the Council, including all Members, and as such it was important to remind all within the Council of their responsibilities; whether it be the Member Code of Conduct or officer's contractual obligations.

Madam Mayor invited Councillor Hall to make a point of personal explanation. Councillor Hall stated that he had said the 2019/20 budget included dividends from Brick by Brick at the February 2020 Cabinet meeting. That at the September 2020 Cabinet meeting his statement that a divide would be declared was based on a mixture of information from officers and Brick by Brick. Councillor Hall stressed that while the financial picture had evolved those statements were made in good faith based on information that he felt was factually correct. The councillor stated that he regretted not reading the minutes of those meetings closely to ensure they fully recorded his statements.

Due to a technical difficulties Madam Mayor moved to another question from the Opposition.

Councillor Jason Cummings noted that in the weeks prior to the meeting that more issues had been discovered which had impacted the Council's financial position and requested assurance from the Cabinet Member for Croydon Renewal on how Kathryn Bull and Jonathan Bunt were selected as Directors of Croydon Affordable Housing. It was stated that Croydon Affordable Housing had a 90% controlling interest in four LLPs which had been lent millions of pounds by the Council through complex arrangements.

In response the Cabinet Member for Croydon Renewal thanked Councillor Jason Cummings for the clarification, however given the appointments for Kathryn Bull and Jonathan were made in August 2017 he was unable to give details of their appointments as it pre-dated him being in position. The Cabinet

Member highlighted that PwC had been appointed to undertake a strategic review of all companies, and not just Brick by Brick, and that report was due to be considered by Cabinet the following week.

Councillor Jason Cummings expressed surprise that the Cabinet Member had neither met nor spoken to the Directors given the level of control they had over the companies which had been involved in the Council's financial situation. As such, the councillor suggested the Cabinet Member acquaint himself with the directors of Croydon Affordable Housing. The Cabinet Member thanked Councillor Jason Cummings for the suggestion and agreed that it is important that there was an understanding of Croydon Affordable Housing. He further reiterated that the strategic review was due to be considered by Cabinet the following week and would recommend that further work be commissioned. It was stated that 75% of PwC's work had concentrated on Brick by Brick and so the Cabinet Member was most familiar with that part of the company structures.

Councillor Degrads advised that she had been speaking to residents about their concerns about the Council's financial situation and whilst residents were concerned she stated they recognised that everyone made mistakes. The Leader was thanked for apologising for the mistakes that had been made and for acknowledging the mistrust and hurt of residents. It was suggested that judgement of the Council will be based on its response to remedy the issues raised; to that end the councillor queried how the Council would measure its success in rebuilding the trust between the Council and residents.

In the response, the Leader recognised that all Members would have heard from stakeholders, including residents, on their concerns in relation to the Council's financial situation. The Leader sought to reassure them that despite the situation, and the issuing of the Section 114 Notice the previous week, that the Council would continue to deliver the vital services residents relied upon whilst addressing its financial position. It was recognised that the rebuilding trust was integral and had been included as an additional recommendation in response to the RIPI. The Leader informed Members that a report would be taken to Cabinet the following week which outlined some budget proposals and would include a commitment to consult on those proposals as the Council were keen to discuss with residents how the organisation could resolve its financial situation. The Leader also pointed to the development of the independent Improvement Board as another opportunity to engage with residents.

Councillor Canning noted that recommendation 17 stated that the Council and Cabinet should reconsider the financial business case for continuing to invest in Brick by Brick before agreeing any further borrowing. Whilst the company had been set up with the best of intentions, the councillor suggested that it had been described as little more than a Ponzi scheme. Councillor Canning queried whether the Cabinet Member for Croydon Renewal recognised the description of Brick by Brick and confirmed how much the company owed the Council and whether further borrowing would be required in future.

The Cabinet Member for Croydon Renewal reiterated that PwC had undertaken a strategic review which had included Brick by Brick and other Council companies and that report was due to be considered at the Cabinet meeting on 25 November 2020. Whilst the description of Brick by Brick being a Ponzi scheme was not one which the Cabinet Member would use, it was stated that it was clear that the ambitious business plan, which had been endorsed by Council, had placed the organisation at risk. The Cabinet Member went on to state that governance had been inadequate and that protocols had not been enforced, but he sought to assure Members that robust systems had since been put in place.

In response to queries in relation to the money owed by Brick by Brick, the Cabinet Member stated that there was around £30million of interest and dividend payments which had not been received and that around £200million had been lent to Brick by Brick. The PwC report, it was stated included a number of options for the Council to consider but it was recognised that further work was required to understand the best course of action for the Council to take to protect taxpayers money. To support this ongoing work, the Cabinet Member informed Council that in the short term it may be necessary to continue to fund Brick by Brick in line with loan agreements and would be considered on a site by site basis.

In his supplementary question, Councillor Canning asked what arrangements were going to be made to enable Members to fully discuss the PwC strategic review. The Cabinet Member, in response, advised that the report was due to be discussed at Cabinet the following week. Additionally, the Cabinet Member highlighted recommendation 17 and 18 of the report which committed Cabinet to take a report to Scrutiny & Overview Committee also.

Councillor Parker queried why some councillors who, in his opinion, were responsible for bankrupting the Council were able to continue in their positions and claim allowances.

Madam Mayor requested Members avoid attributing improper motives to Members.

The Leader clarified that the Section 114 Notice stated the Council was on track to spend more than it had, however despite this the Council would continue to deliver services which were required, such as refuse collections and services which kept communities safe. It was recognised by the Leader that the Council needed to respond to the challenge quickly and in the medium term address the financial resilience concerns which had been raised by the auditors. The Leader stressed that Grant Thornton's report raised issues across the organisation, including politically for both Groups, and whilst she took her share of the responsibility she noted she was in a new role and was leading a Cabinet which was resolutely focussed on putting things right.

In his supplementary question, Councillor Parker stated that in his opinion those who were members of the Cabinet in previous six years should stand

down from Cabinet. It was stated to be morally the right things to do and would give Croydon the fresh start it needed.

In response, the Leader publically acknowledged the mistakes which had been made and that the Cabinet were looking to resolve the situation by acting quickly and resolutely. She noted that her response had not been to step down from her position as a Cabinet Member but rather to step forward as the Leader of the Council to lead the organisation through the necessary changes. It was recognised that there were fundamental concerns relating the Council's financial resilience and it was her goal to lead the changes to put the organisation to a more sustainable financial position and to protect important services which residents relied upon.

Madam Mayor invited Councillor Streeter to make a point of order. Councillor Streeter raised objections to Councillor Parker being corrected as it was stated he had not made a personal comment about another Member, been insulting or used derogatory language. Rather, Councillor Streeter stated, Councillor Parker had called into question the action and behaviour of some senior councillors. Concern was raised that the Council had been criticised for not challenging effectively and that robust challenge should not be stopped.

Madam Mayor thanked Councillor Streeter for his point of order but noted that under the Council's Constitution she was bound to ensure undue motives were not attributed to Members.

The concerns raised by Grant Thornton in relation to the Council's use of capital receipts for transformation projects was noted by **Councillor Ben-Hassel** and she queried how the Council would assure MHCLG and residents that future use of transformation funds would be appropriate with robust performance monitoring and risk management in place.

In response, the Cabinet Member for Croydon Renewal noted that Grant Thornton were challenging £5.6million which had been allocated as transformation funding in the unaudited 2019/20 accounts, and if it was required to be adjusted then that would place further pressure on the reserves position. In terms of future risks, the Cabinet Member noted Croydon did not have future capital receipts which could be used for transformation funding and the Government's scheme was due to end the following year. Despite this, the Cabinet Member stated that there were important lessons for the organisation to learn as evidenced by being a high priority recommendation in the RIPI. The Chief Executive's review of past use of transformation funding and the development of a new strategy for managing this money were highlighted as significant responses to what was acknowledged as being a serious issue.

In her supplementary question, Councillor Ben-Hassel queried whether any of the capitalisation direction funding, if secured, would be used to establish more effective corporate monitoring framework which would enable full oversight of outcomes and support ongoing effective risk management. The Cabinet Member for Croydon Renewal confirmed that, whether or not the

capitalisation direction was secured, it was an important piece of work. It was noted that four additional recommendations had been added by the Council, one of which included improving corporate performance management, monitoring and risk management.

Councillor Millson reflected on the meeting of the Scrutiny & Overview Committee which had reviewed the decision to purchase Croydon Park Hotel in September 2018. He noted that he had opposed the purchase for a number of reasons but stated the Chair of the Committee had waved away any concerns of Members. In light of the RIPI and the fact that the hotel management company had folded the councillor questioned whether the Chair felt that his approach had been wrong.

In response, the Chair of Scrutiny & Overview Committee stated that the RIPI had lessons for all at the Council. Members were informed the Chair had recently reviewed the minutes of that meeting and that the Chair had supported the request for the call-in of the decision to purchase Croydon Park Hotel. It was stated that as part of the preparation of that meeting the Chair and Vice-Chair had requested that the draft Asset Management Strategy be taken to that meeting also to support Members understanding of the rationale of purchasing the hotel. The Chair noted that the Committee reviewed the Strategy and a large volume of Part B information and voted on whether to refer the decision further, and whilst it was recognised that Councillor Millson had voted against the purchase the rest of the Committee voted in favour.

In his supplementary question, Councillor Millson noted the Committee had requested amendments to the Strategy following that meeting in September 2018 and it was for that reason Councillor Millson requested that purchase be referred to Council as the Strategy required amendments. It was suggested by Councillor Millson that the Chair of Committee stressed that the Committee was more powerful when speaking as one voice and so had encouraged Members to vote in one way. Councillor Millson noted that the role of scrutiny had been criticised by Grant Thornton and questioned whether in response the Chair would take responsibility for his actions and resign from his position.

The Chair of Scrutiny & Overview Committee, in response, suggested that Councillor Millson had sought to suggest that he had persuaded Conservative councillors to vote against their beliefs. It was stated that scrutiny was a cross-party activity and that speaking with one voice was best practice. On reflection, the Chair stated that he had learnt that they had been too trusting of officers who had stated it had been a good financial deal for Croydon and that the Committee had not effectively judged the risks of the investment. Furthermore, the Chair noted that going forward the Committee needed to look at how it could avoid party politics but support dissent being raised. Whilst he acknowledged that there were lessons to be learnt, he noted that it was important the Council focussed on how it could correct issues and he felt that he could support the strengthening of scrutiny by remaining the Chair.

Councillor Fitzpatrick asked the Chair of GPAC when she first realised that the Committee was no longer functioning as it should and what she had done

to resolve the issues. The Chair of GPAC stated that when she returned to chairing GPAC that the risk presentations had been discontinued as they had been a great source of information to the Committee by enabling Members to gain an understanding of the issues being faced, provided assurance and ensured internal controls were working effectively. It was stated that those sessions supported the work of the risk management and internal audit teams. The Chair of GPAC further noted that such sessions were integral, especially in light of the Head of Internal Audit giving the Council a limited assurance rating in the previous year.

In response to her concerns she had sought to strengthen the role of GPAC by increasing meeting frequency to ten a year, she had reintroduced risk presentations and had requested progress reports on the implementation of recommendations from the RIPI, Finance Review and other related reports and presentations.

Councillor Hopley referred to the report and the speed at which recommendations would need to be implemented to support the Council in balancing the books and raised concerns that the required pace would not be possible. Assurances were sought from the Cabinet Member for Families, Health & Social Care that she was moving at pace to implement the required changes as it was noted that action had not been taken in previous years to ensure a sustainable budget.

The Cabinet Member for Families, Health & Social Care assured Members that work had already begun and that the Council was working closely with the LGA and was speaking with its partners to agree ways of moving forward. The Cabinet Member stated the total cost of care was being looked at and work was taking place at pace.

In her supplementary question, Councillor Hopley disagreed that the Council was moving at pace as it was stated that the work to address the budget needed to be completed by December but the councillor had been unable to acquire a two page report on Covid from the Cabinet Member in the past year. As such, Councillor Hopley stated she had no confidence that the required action would take place and asked the Cabinet Member what she would say to those residents in care who were concerned about future provision.

In response, the Cabinet Member stressed she was committed to the people of Croydon and that she would continue to work at pace to ensure the transformation took place. Members were informed that she had spoken to a number of community groups to reassure them of her commitment and was happy to speak to any community group who wished for her to speak to them. In relation to the report referred to by Councillor Hopley, the Cabinet Member stated a meeting was being set up to discuss it further.

Councillor Clark noted that the external auditors had raised concerns that there had been insufficient challenge from Members on important decisions and queried what the Chair of Scrutiny & Overview Committees reflections had been on the effectiveness of scrutiny in recent years. In response the

Chair noted the RIPI was critical that scrutiny did not refer the matter of a potential Section 114 Notice to Council following its meeting in August 2020. It was stated that following a briefing on the Council's finances in May 2020, the Committee had sought to clear its work programme to concentrate the two main issues; Covid-19 and the Council's finances. However, it was recognised that at the call-in meeting in August the Committee had focussed too much on finances and not enough on the governance role of scrutiny in raising issues with Council and on reflection the Chair stated the Committee should have referred the matter even if the financial position had been out-of-date. The lesson learnt, the Chair reflected was that scrutiny had more than one role; to be a critical friend but to also calling attention to serious matters.

Councillor Andy Stranack noted that there was no mention of the voluntary or community sector being involved in the Finance Review Panel or the Croydon Renewal Panel and suggested that it was important to utilise the skills of Croydon to support the renewal of the borough. In response, the Cabinet Member for Communities, Safety & Resilience noted that the Improvement Board would include resident engagement in terms of the Renewal Plan. Furthermore, the Cabinet Member noted the importance of rebuilding trust with communities which he committed to work towards. The Cabinet Member welcomed working with Councillor Stranack on how communities and voluntary sector could be involved in the renewal of the borough.

In his supplementary question, Councillor Stranack queried which community groups the Cabinet Member has spoken to following the issuing of the Section 114 Notice. In response, the Cabinet Member stated that he had spoken with the Croydon Neighbourhood Care Association (CNCA), the BME Forum and Croydon Voluntary Action (CVA), and was due to meet with the Asian Resource Centre.

Madam Mayor advised Council that they had reached the end of the 60 minutes allocated for Question Time.

Debate on the recommendations

Councillor King proposed the recommendations contained within the report and began his statement by personally acknowledging the seriousness of the RIPI and the questions it asked of the Council. Councillor King stated that it was a matter of sincere regret that such a report would ever have been required.

It was stated by Councillor King that the Administration accepted in full and without equivocation every recommendation from Grant Thornton and had proposed a number of their own which it was felt further strengthened the Council's response and plan of action. It was noted that should the Action Plan be approved by Council that it was due to be considered by both GPAC and the Scrutiny & Overview Committee. It was acknowledged that the Action Plan had been developed within a short period time since the Council had

received the RIPI, in line with the statutory requirements, and as such it had been fully recognised that there was merit in it being considered.

The Action Plan contained actions to resolve a number of weaknesses, risks and shortcomings which had been identified and it was stated that they collectively represented the Council's determination to start and complete the improvement journey which would re-establish the Council's credibility with staff, partners and most importantly residents. It was stated by Councillor King that the improvement journey had not started that day but had started a number of weeks earlier when the organisation had accepted the reality of its situation. It was recognised that improvements had to be implemented rapidly, be embedded and needed to be long lasting to ensure the Council was sustainable in the future.

Members were informed by Councillor King that the Council would welcome and seek advice and guidance from all partners and thanked those who had supported the Finance Review Panel; colleagues from Southwark Council, Royal Borough of Greenwich and Croydon NHS. Councillor King also thanked the LGA and Camden Council who had assisted the Council to grapple with its social care costs and staff from across the organisation who had contributed to the process. It was recognised that staff were working under difficult circumstances and had done for an extended period of time and they were thanked for their continued work.

Councillor King stated that members of the new Administration would speak during the debate to their role in supporting and ensuring the delivery of actions within their portfolio areas. It was stressed that it was understood that there was a need for complete, undiluted and all-encompassing change in the culture of governance within the organisation. That change, it was stated, had begun with the appointment of the Interim Chief Executive and the election of a new Leader of the Council. With these changes, Councillor King noted that he was confident that change had arrived and whilst many would be sceptical all involved would work hard to demonstrate that their words were matched by deeds.

Councillor King concluded that the Administration were committed to changing themselves in order to change the Council for the better. The recommendations in the report were moved by Councillor King.

The Leader, **Councillor Hamida Ali**, seconded the recommendations within the report and reserved her right to speak.

Councillor Jason Cummings noted that when he had first heard of the RIPI his reaction was conflicted; that on the one hand he was pleased that it would be an opportunity to get to the bottom of the damage which had been done to the town, but on the other he could see that Croydon's reputation would be severely damaged and that the most vulnerable residents would be hit hardest by the repercussions. It was noted that the report was damning in its assessment of the Council and that very few RIPIs were issued and none, to Councillor Cummings knowledge had been as widely critical.

Having read the report, Councillor Cummings stated that he had been shocked as to the scale of mismanagement but he had not been shocked as to the issue matter. It was further stated that Members of the Opposition had been asking questions on almost all of the topics covered in the report for a number of years. The councillor noted that at the February 2020 Cabinet meeting he had queried the use of capital receipts, the levels of borrowing and its sustainability, the reserve levels and the deliverability of the budget and proposed savings; and that all those areas of concern were subjects within the RIPI. Councillor Cummings stated the previous Leader had suggested in response that he had been scaremongering by suggesting the council was not financially sustainable. It was, in his opinion, the belittling attitude which characterised the previous leadership.

Councillor Cummings felt that statements that those previous attitudes had passed noted that the Leader and Statutory Deputy Leader had been Cabinet Members during that period and had, it was stated, sat silently whilst concerns were raised. Questions were asked as to whether the Administration had learnt to listen.

It was suggested by Councillor Cummings that the recommendations within the report, should they be implemented, would be a good step towards rebuilding Croydon but questioned the capability of the leadership in delivering them. It was noted that the Leader, the Deputy Leader and most of the Cabinet were part of the team which, it was stated, had got the Council into its current position. Further, they had all voted to support the previous Leader and Cabinet Member for Finance & Resources during a vote of no confidence in September 2020. Councillor Cummings further noted that the Scrutiny & Overview Committee and GPAC had been significantly criticised within the RIPI but the chairs of those committees were still in position.

Concerns were raised that it was not yet clear of the final position of the Council; there were ongoing investigations and reports which Councillor Cummings feared would reveal financial issues and mismanagement. It was suggested that for Croydon to move on there not only needed to be a plan to move forwards but there also needed to be full understanding of what had happened previously. If the investigations did not take place then Councillor Cummings stated the people of Croydon would not have confidence that the issues would not reoccur as lessons needed to be learnt.

Councillor Cummings concluded that with the boroughs reputation in tatters and a Leader which only 21 of the 70 councillors had elected, the 2022 Local Elections could not come soon enough.

Councillor Hale was called to speak in the debate on the recommendation and stated that she was furious that the labour administration had brought such shame to the town; that, in her opinion, it had gone from being a flourishing and growing town with potential to one which was bankrupt.

The Conservative Group, it was stated, had been asking questions on the expenditure of the Council ever since Brick by Brick had been established in 2015 as they were keen to ensure the Council was getting good value for money. Councillor Hale noted that members of her Group had wanted to understand the governance and financial arrangements of Brick by Brick and had wanted to know how quickly affordable homes would be built in the borough. Concerns had been raised by Opposition Members when it was reported there had been a slippage in the timeframe for repayments of substantial loans and when sites identified for development were highly valued green spaces. It was further stated by Councillor Hale that issues had been highlighted in relation to the circular nature of the Council/Brick by Brick financial arrangements and that public money was circulating between the two organisations which exposed tax payers to increasing levels of risk.

Councillor Hale raised concerns that not only had the Administration brushed aside the concerns of the Opposition and residents, it had ignored the warnings of the external auditors. The RIPI, it was stated, had exposed the appalling position the Council had got itself into and despite assurances, Brick by Brick had still not repaid any of the money owed and the situation continued to deteriorate.

Councillor Hale concluded that Croydon was not a Monopoly board and that taxpayers money should not be gambled with. Croydon deserved better and it was unfair that hardworking staff would be impacted and important key services would be cut.

Councillor Young reflected that when he was first elected a councillor in 2016 he had been committed to making a valid contribution to local government and to deliver positive outcomes for residents. He had not anticipated that his first speech from the frontbench would be on a RIPI.

It was noted that such reports were rare and were not issued lightly and only when a public body had strayed from financial best practice. The Council, it was noted, had recognised its failings and that the cumulative impact had brought into question the Council's financial budget monitoring, risk assessments, risk management and financial resilience.

Councillor Young noted that councillors had the opportunity earlier in the meeting to hear first-hand from the auditors and that it had been clear that no one individual had caused the issues and that it was an organisation wide issue. It was stressed that the report had made it clear that all councillors were in need of financial training to better understand their role and financial responsibilities; that Council had agreed to use the guillotine to end a Council meeting in October 2018 when it was considering a £100million asset strategy. The report, it was further noted, highlighted that GPAC, with Members from both Groups, had not heeded the warnings in relation to financial sustainability and that scrutiny had also not referred significant financial concerns to Council for discussion.

As such, Councillor Young stressed that all Members could have done better in challenging underlying assumptions and financial proposals. To that end, it was proposed that all Members had a responsibility to improve their understanding of the Council's finances and competencies to undertake the role. It was important to ensure the Council had effective financial governance in place to measure up to the best public bodies and the leadership team would ensure the cultural shift would take place to enable this improvement. Councillor Young concluded by encouraging Members to support the improvement journey and to embrace the challenge collectively.

Selsdon Centre for the Retired which was based in **Councillor Millson's** ward was highlighted as a resource which provided activities to prevent the elderly from becoming isolated, lonely and depressed. It helped residents to remain independent in their own homes for as long as possible and the Centre had been funded for 40 years by the Council. It was stated that the funding would no longer be available and should the Centre not find alternative funding it would have to close depriving residents of precious support and company; and would further increase pressure on adult social services. This, it was noted by Councillor Millson, was an example of the real impact on residents in the borough due to the financial position of the Council.

Councillor Millson stated that the financial position of the Council had been raised by Conservative Members, Grant Thornton and external consultants but those warnings had been repeatedly ignored. Councillor Millson reflected that concerns raised at GPAC meetings had been brushed aside by the previous Cabinet Member. Concerns were raised that the previous Cabinet Member, who had not been a member of GPAC, presence at meetings had discouraged officers and auditors from speaking plainly. The call-in of the purchase of Croydon Park Hotel had been raised within the RIPI and Councillor Millson noted that discussion of the call-in had been limited to 30 minutes only by the Chair of the Committee and felt that his concerns had been brushed off in the meeting.

Recommendation 1.6 of the report, Councillor Millson noted, requested that GPAC and Scrutiny Committees review the Action Plan and submit reports to Council for consideration which is what the councillor would expect of independent committees. However, Councillor Millson stressed that, in his opinion, those committees were not independent and had been facilitators of previous decisions which had now put Selsdon Centre of the Retired at risk; as such he would not support recommendation 1.6 until alternative truly independent bodies had been established.

Councillor Jewitt informed Council that when she became Chair of GPAC earlier that year she had raised concerns with the then Leader that the committee was not functioning as it should be and set out her proposal for a way forward; however Covid-19 then struck and changes were delayed. She stated that her vision was for there to be ten meetings a year and, if it was required, additional meetings would be scheduled to deal with specific matters.

The number of meetings had now, it was reported, been increased to ten a year and specific identified risks would be taken to the Committee for discussion with both the relevant Cabinet Member and Director requested to attend to speak on the risk, the budget position and actions which were to be taken. Follow up reports would then be requested for the following two meetings and then they would be requested to attend the third meeting for further discussion. Councillor Jewitt stressed that this work should not be confused with the work of the scrutiny committees who would undertake deep dives into the delivery and running of departments, while GPAC would ensure robust governance and risk mitigation was in place. It was noted that it was important that both Members and officer took ownership of public money. It was fully recognised that urgent action was required to improve how the Council worked to ensure complete openness.

Councillor Jewitt reflected that when she returned as Chair of GPAC in 2019 she had been concerned that the risk presentations had been removed from the agenda and procurement contracts were no longer being overseen by the Committee. It was remarked that the Committee had always previously been very active in ensuring contractors and sub-contractors paid the London Living Wage and were value for money.

It was recognised that there was room for improvement, however Councillor Jewitt reflected that the minutes of previous meetings evidenced extensive questioning of auditors of several occasions; such as concerns raised in July 2018 in relation to the reserve levels and those concerns were further noted in the October 2019 auditor's reports. On both occasions, Councillor Jewitt stated the Committee were provided with responses which had satisfied Members but recognised, in hindsight, that it would have been prudent to have raised those concerns with Council.

Councillor Jewitt concluded that GPAC had Members from both Groups and discussions were fairly apolitical with all Members having an opportunity to ask questions, make points and contribute to discussions. It was hoped that it was recognised by the Opposition that there was a real drive to ensure the Committee ran in a prudent manner.

Following the 2017 Ofsted report on Children Services, **Councillor Gatland** stated that she did not think services to support vulnerable children could get worse however in 2020 the financial failures of the Council had been laid bare. It was accepted that children services across London were under pressure but it was noted that Croydon's debt was the worst in London. It was stated by Councillor Gatland that the recommendation to take action to manage demand and cost pressures would impact children services, and the most vulnerable children in the borough, and she stated that had warnings and concerns been listened to this would have been averted.

Millions had been invested in Children Services following the Ofsted rating and that had enabled the Council to be rated as Good at the beginning of 2020 with improvements still required in corporate parenting and support for care leavers. Councillor Gatland went on to note that over £30million of

transformation money had been spent but had not generated the necessary outcomes and so would contribute to the financial pressures faced.

Councillor Gatland noted that the accounting treatment of the Dedicated Schools Grant had been criticised by the auditors and whilst a way forward had been agreed with Grant Thornton it remained a serious challenge for the Council and the councillor expressed her surprise that these challenges had not been communicated with the Schools Forum and thus expressed concern that Members could not have faith that credible and effective action would be taken. Further concerns were raised that the portfolio holder cancelled a Corporate Parenting Panel meeting at late notice to attend a Labour Group meeting and stressed that actions spoke louder than words. Councillor Gatland concluded that the vulnerable children of Croydon deserved better from the Council.

It was acknowledged by **Councillor Fitzsimons** that mistakes had been made, both individually and by scrutiny as a whole. In addition to recognising the mistakes, Councillor Fitzsimons apologised for those mistakes, took responsibility for correcting those mistakes and supported all the recommendations of the auditors.

Councillor Fitzsimons stressed that the report made recommendations for all 70 councillors and supported the Action Plan which sought to correct the issues raised. It was noted that scrutiny needed greater rigour in its challenge of underlying assumptions before approving a budget; including have a greater understanding of a service's track record of delivery savings.

Council were reminded that scrutiny did not operate in a vacuum, rather it works within the context of the Constitution and national guidelines. It was noted by Councillor Fitzsimons that the guidelines state that scrutiny should provide constructive critical challenge, it should amplify the voices of those concerned, it should be led by independent people who took responsibility for their roles and drove improvement. Council, in turn, needed to provide a strong organisational culture and the power to access lessons. Councillor Fitzsimons noted that there were lessons to be learnt and that the Committee needed to reassess the balance between critical friend and alerting the Council to fundamental problems.

Councillor Fitzsimons further stated his support of improving the Council's budget setting, budget monitoring and risk assessment and he welcomed Ian O'Donnell's financial review which recommended a strengthened role of scrutiny in terms of budget setting. However, it was stressed that timely access to information was vital to all councillors.

It was noted that the national guidance recommended a Scrutiny & Executive Protocol and Councillor Fitzsimons stated he would be looking to embed the rights of scrutiny and backbench councillors into such a protocol. Furthermore, Council were informed that the Centre for Public Scrutiny had been asked to undertake an independent review of the scrutiny function in the Council and that report would be shared with all councillors.

Councillor Fitzsimons concluded by informing Council that scrutiny would be reviewing the RIPI Action Plan as its meeting in December 2020 and it would continue to play a vital role in the governance of the Council.

Councillor Streeter stated whilst it was not meeting anyone wanted to be necessary it had not come as a surprise. Alarm bells, it was stated, had been sounded for a number of years but no one had wanted those concerns to come true. Councillor Streeter stated that it was not just a political crises or just about numbers on a spreadsheet; it was about real people who would suffer from the financial crises.

Concerns were raised by Councillor Streeter that residents would be asked to bail out the Council and would pay the price of its irresponsibility. The proposed increases in parking charges were pointed to by the councillor as being the first example of this, which he stated would impact the elderly and the low paid the most. Further concerns were raised that businesses would also be unduly impacted when they needed the support of the Council most following the ongoing impact of the pandemic.

Councillor Streeter stated that this was not the first time, in his opinion, Labour had lost control of public finances and that over the previous ten years the government had attempted to implement stringent spending controls to manage the finances. It was hoped by the councillor that it was now understood that if difficult financial decisions weren't made then cuts would fall like a sledgehammer and would have the hardest impact on the most vulnerable and as such he hoped those involved would reflect upon their errors and realise that financial sustainability was an act of compassion.

Councillor Flemming began by acknowledging the impact of the publication of the RIPI had on not only councillors but also residents and staff. It was further noted that this against the backdrop of not only the pandemic but also austerity which had also brought uncertainty.

The Administration, it was stated was committed to work together and their desire was to deliver the necessary changes at pace and address the issues identified in the report to ensure financial sustainability. The Action Plan, Councillor Flemming, noted set out the steps which were to be delivered to ensure improvement and it was noted that there were recommendations which specifically related to the social care department which Councillor Flemming accepted.

Council were informed that the Croydon Renewal Plan would be umbrella mechanism through which improvement would be delivered and it was noted that the Children's Improvement Board would have an important role to play also. Delivering at pace and providing assurance were highlighted by Councillor Flemming as being important elements of the improvement journey.

Councillor Flemming took the opportunity to respond to the concerns raised previously by Councillor Gatland and assured Members that she would ensure that the processes put in place would be robust and assurances would be sought to ensure savings were delivered. Councillor Flemming stated she would restart the sessions which enabled Members to gain a detailed insight into the social care service; including the specific issues faced.

It was stated by Councillor Flemming that Councillor Gatland had not previously raised concerns at the Schools Forum in relation to the accounting of the Dedicated Schools Grant, however the Council had accepted the auditors view and a way forward had been agreed.

Councillor Flemming concluded by stating that social workers had not lost their jobs and that a meeting of the Corporate Parenting Panel was due to take place in a fortnight.

The Leader of the Opposition, **Councillor Perry**, stated that in his opinion it was clear from the questions and the debate at the meeting that the Labour Council did not have the vision or the rigour to deliver the change needed for the borough; not just financial change but also cultural change. Whilst it was recognised there was a new leadership team it was not, in his opinion, as new Administration as Cabinet Members had only changed positions those councillors he felt at fault would not be expelled from the Group.

It was noted that in the auditor's report there had been a lack of understanding as to the urgency of the financial situation within the Council and it was stated by Councillor Perry that this lack of urgency and understanding continued.

Councillor Perry stated it had taken an amendment from the Conservative Group to ensure councillors would receive quarterly updates on progress against the Action Plan, and it was suggested that had the Labour Group understood the serious need for change then that amendment would have been in place already.

It was noted by Councillor Perry that each Cabinet Member had stated that they would now work at pace and would leave no stone unturned but questioned what they had been doing during the previous six years. He further criticised that questions had not been answered during the meeting that evening or responses had been that councillors needed more training, more workshops or the Council needed to wait for the PwC report. He had not felt that lessons had been learnt by the Administration and they were not properly aware of all of the facts, such as who were the directors of companies.

Councillor Perry questioned whether the Administration were focussing on putting things right as, in his opinion, they had shown they were woefully inadequate but had expected support. Whilst it was recognised that everyone made mistakes, Councillor Perry stressed the mistakes made were not simple

ones and had led to failing the residents of the borough and most of all vulnerable residents.

It was questioned whether the new Leader was taking the RIPI seriously when she had stated that residents should not be worried and that services would continue to be delivered. Residents were worried, Councillor Perry stated, as libraries and day centres were closed and they were no longer able to attend lunch clubs as ward budgets had been frozen. Councillor Perry stressed the seriousness of the situation could not be underplayed and apologies were not sufficient.

It was stated the Conservative Group would not celebrate the Leader's failures as they were there to support the residents of the borough by holding her and her Cabinet to account and challenging decisions. Councillor Perry concluded that he did not see a Council taking decisive action and he felt the Labour Council could not be trusted to deliver the required improvements, which was why his Group would not support recommendations 1.3 or 1.6 of the report.

The Leader, **Councillor Hamida Ali**, noted that the debate had rightly been a sobering one of reflecting on the auditor's finding and recommendations and discussing how the Council would response to those concerns. Councillor Ali thanked Grant Thornton for their work in exercising their statutory functions, their report, and their presentation that evening and for their ongoing advice. Members were also thanked for their active participation in such an important meeting.

Councillor Ali stated that she had hoped she would have been able to thank the Opposition more broadly for their engagement in the meeting and for their amendments but noted their intention to vote against the Action Plan which had been developed to enable the Council to move forward. It was stated to be both shocking and regrettable especially in light of the auditor's statement that it was a collective challenge for the Council to respond to the issues highlighted in the report.

It was noted that the recommendations had been amended to include an important principle of regular reporting of progress to Members. Councillor Ali, however, felt it was unfortunate that the Opposition could not extend the capacity to collaborate or find consensus with the Administration.

Councillor Ali stated the new Administration accepted, understood and recognised the situation the Council faced and recognised the need to resolve its financial resilience and improve the governance of decision making. The Action Plan, Councillor Ali stated, sought to achieve those goals. The Opposition, in Councillor Ali's opinion, had been unable to look forward at the implementation of improvements but had rather looked backwards only.

It was noted that Councillor Millson had objected to the involvement of the Non-Executive Committees in the process and had called for independent

voices but had not, Councillor Ali stated, recognised recommendation 1.12 which sought to introduce independent oversight and challenge.

Councillor Ali stressed that it was important to agree the recommendations before Council which both accepted and proposed detailed responses to each of the auditor's recommendations, proposed an independent Improvement Board and sought external support and challenge. It was stated by Councillor Ali that she was disappointed that both Groups were unable to act as one group that evening to support one of the most important moments in the organisation's history.

Councillor Ali concluded by asking Council to vote on the recommendations before it so that the work to implement the Action Plan could be started as it was vital to put things right for the borough.

Vote on the recommendations

Ahead of the vote on the recommendations contained within the report, Madam Mayor advised Council that there were 41 Labour Members and 29 Conservative Members in attendance.

Madam Mayor noted that recommendations 1.8 and 1.9 had been amended at the request of the Minority Group and with the agreement of the Majority Group ahead of the meeting. The amended recommendations read:

- 1.8 Council notes that a report will be brought back to Council in November 2021 to update Members on the progress on implementing the Action Plan. Also, Council notes that an ongoing quarterly progress monitoring report will be issued to all Councillors on the progress of implementing the Action Plan.
- 1.9 Council notes that prior to November 2021, there will be progress monitoring on this Action Plan and other associated plans. Cabinet will receive quarterly updates on progress. Updates will also be presented to the Scrutiny and Overview Committee and the General Purposes and Audit Committee, having regard to their respective terms of reference. Council will receive quarterly reports from the Improvement Board. Also, Council notes that the quarterly progress monitoring report will be an agenda item at every subsequent Full Council, Cabinet, Scrutiny & Overview Committee and GPAC for discussion

The recommendations, as set out in the report and the amended recommendations 1.8 and 1.9, were put to the vote individually. All recommendations were agreed unanimously; with the exception of recommendations 1.3 and 1.6 which were opposed by the Minority Group. Recommendation 1.3 and 1.6 were agreed by majority.

RESOLVED: To

- 1.1 Fully accept the findings of the Report in the Public Interest, the scale and urgency of the issues that it raises, and all of the external auditor's recommendations, from R1 to R20, and note that R1a, R1b, R2, R3, R9, R12, R14, R18, and R20 have been identified by the external auditor as high priority, as detailed in appendix A of the report;
- 1.2 Agree the four additional recommendations, LBC1 to LBC4, detailed in appendix B to the report;
- 1.3 Agree the Action Plan detailed at appendix B to the report, including the indicative timeline and accountabilities;
- 1.4 Note that the Action Plan includes a response to each of the external auditor's recommendations;
- 1.5 Agree that the Council continues to seek external support from across the sector to ensure that it learns from best practice nationally;
- 1.6 Agree that the Scrutiny and Overview Committee and the General Purposes and Audit Committee, at their next meetings, consider and review the Action Plan from their differing constitutional positions and report their feedback in separate reports to Cabinet at its 18th January 2021 meeting;
- 1.7 Request that Cabinet receive a report at its 18th January 2021 meeting on the Action Plan. The report will respond to the feedback from the Scrutiny and Overview Committee and the General Purposes and Audit Committee. The report will also provide further detail on the recommendations, timelines and accountabilities, the delivery mechanism to support the improvement work and the costs, where possible, associated with implementing the recommendations;
- 1.8 Note that a report will be brought back to Council in November 2021 to update Members on the progress on implementing the Action Plan. Also, note that an ongoing quarterly progress monitoring report will be issued to all Councillors on the progress of implementing the Action Plan.
- 1.9 Note that prior to November 2021, there will be progress monitoring on this Action Plan and other associated plans. Cabinet will receive quarterly updates on progress. Updates will also be presented to the Scrutiny and Overview Committee and the General Purposes and Audit Committee, having regard to their respective terms of reference. Council will receive quarterly reports from the Improvement Board. Also, Council notes that the quarterly progress monitoring report will be an agenda item at every subsequent Full Council, Cabinet, Scrutiny & Overview Committee and GPAC for discussion

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- 1.10 Agree to maintain a regular and open dialogue with the external auditor, the Local Government Association (LGA) and the Ministry of Housing, Communities and Local Government (MHCLG) to keep them apprised of the Council's progress in implementing its action plan in addition to inviting them to be members of the Council's Improvement Board;
 - 1.11 Agree that the Chief Executive undertakes a review of the capacity needed to deliver the improvements required of the Council and seeks to secure the specialist skills needed to deliver those improvements;
 - 1.12 Agree to establish an overarching, independently chaired Croydon Renewal Plan Improvement Board as detailed in paragraph 7 of the report;
 - 1.13 Note that the LGA has been commissioned to support the Council in undertaking an independent initial investigation of senior management actions in regard to the findings of the Report in the Public Interest to assess what, if any, formal action is required to be taken under any relevant process; and
 - 1.14 Note and welcome the Non-Statutory Rapid Review being undertaken by representatives of the MHCLG and that its recommendations will be incorporated into the overall improvement programme.

The meeting ended at 9.45 pm

Signed:

Date:

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Council

Meeting held on Monday, 30 November 2020 at 6.30 pm. This meeting was held remotely

MINUTES

Present: Councillor Maddie Henson (Chair);
Councillor Sherwan Chowdhury (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, Luke Clancy, Chris Clark, Pat Clouder, Stuart Collins, Mary Croos, Jason Cummings, Patsy Cummings, Mario Creatura, Nina Degrads, Jerry Fitzpatrick, Sean Fitzsimons, Alisa Flemming, Felicity Flynn, Clive Fraser, Maria Gatland, Lynne Hale, Simon Hall, Patricia Hay-Justice, Simon Hoar, Steve Hollands, Yvette Hopley, Karen Jewitt, Humayun Kabir, Bernadette Khan, Shafi Khan, Stuart King, Oliver Lewis, Stephen Mann, Stuart Millson, Vidhi Mohan, Michael Neal, Tony Newman, Steve O'Connell, 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 Toni Letts

PART A

135/20 **Minutes of the Previous Meeting**

The minutes of the meetings held on 28 September 2020, 12 October 2020 and 22 October 2020 were agreed as an accurate record.

136/20 **Disclosure of Interests**

There were none.

137/20 **Urgent Business (if any)**

There were no items of urgent business.

138/20 **Announcements**

Madam Mayor

Madam Mayor gave her announcements to the Members of Council.

All the schools taking part in Croydon Connected were thanked for their participation. The paperchain entries were beginning to be received and

would be displayed during the following days in the Town Hall. It was recognised that with the Town Hall being shut due to the pandemic this would limit the number of people who would be able to view the entries, however they would all be linked together and would stretch the length of the Town Hall.

Members were informed that the planned Travelling Grotto which was to visit Croydon's children was no longer able to take place due to covid-19. Madam Mayor advised Council that she had arranged for presents to be purchased for each child who would have been visited and a recorded video with Father Christmas would be shown when the present was delivered.

Madam Mayor congratulated three children from Winterbourne School who had won the Mayor's annual Christmas card competition. It was noted that there was a wealth of talent in Croydon, particularly in the children and young people of the borough.

Madam Mayor's announcements were concluded by wishing Tom Downs, from Democratic Services, the best of luck in the future as he was sadly leaving the Council having. Tom Downs had been a member of the Democratic Services team since April 2018 and prior to that had been a member of the Town Hall Concierge Team.

The Leader

Madam Mayor invited the Leader, Councillor Hamida Ali, to make her announcements.

The Leader reported that the Ministry of Housing, Communities & Local Government's (MHCLG) non-statutory rapid review had almost concluded. The review had been tasked with providing assurance to the Secretary of State for Housing Communities & Local Government on range of matters including the council's request for a Capitalisation Direction.

The Leader stated that she expected the work of the review team, which had taken four weeks to be completed, to be reported to the Secretary of State in due course.

The Leader was conscious that a number of officers and Members had been involved in the review. The Leader was confident that the new leadership team and management team had demonstrated their understanding of the situation facing the council and the improvement required. It was reported, in informal meetings with the lead reviewer that the review team had found the council had been forthcoming.

The Leader thanked officers for their hard work in facilitating the review team's work and stated that she looked forward to receiving their report in due course.

139/20 **The Croydon Debate**

Ahead of the substantive items of the agenda Madam Mayor advised Council that in accordance with Paragraphs 1.2 and 3.5 of Part 4A of the Constitution she would vary the order of the agenda to consider item 11 (Recommendations of Cabinet to Council) following Croydon Question Time. As such, the order items were considered at the meeting was as follows:

- Item 6 – The Croydon Debate
- Item 7 – Croydon Question Time
- Item 11 – Recommendations of Cabinet to Council for Decision
- Item 8 – Member Petitions
- Item 9 – Annual Reports

Council were advised that with the agreement of the Group Whips the time allowed for the three pools of questions to Cabinet Members had been reduced to 20 minutes each. Madam Mayor thanked the Whips for all their work in reaching cross party agreement on the process to be taken at the meeting to allow for additional time to be given to the debate on the Croydon Renewal Plan and Strategic Review of Companies.

Madam Mayor noted that the petition to be discussed had been validated and in accordance with the provisions in Part 4A of the Constitution and invited the Council Solicitor to read the borough petition which read:

"I support the Purley and Woodcote and Purley Oaks and Riddlesdown councillors' campaign to save Purley Pool and Leisure Centre and call on Croydon Council to save them from closure."

Ms Theresa Paul, as the lead petitioner, was invited by Madam Mayor to address Council on the petition.

Ms Theresa Paul stated Purley Pool was close to her heart, having used the pool since she had been born and having taught a number of children to learn to swim there. Concerns were raised that without a pool in Purley there would be a large impact on people's access to local pool facilities, including schools which had a statutory responsibility to teach pupils to swim 25 metres unaided. This, it was noted, was an important lifesaving skill and the pool in Purley enabled schools in the south of the borough to provide this training.

Council were informed that the average school's journey time to Purley pool 32 minutes each way on public transport. If schools were required to use the pool at Waddon leisure centre the journey time would increase to, an average, 52 minutes each way. The increased journey time, it was stated, would be at the cost of another area of the curriculum. Furthermore, private pools in the area were not 25 metres and were more expensive to hire.

Ms Paul stressed that she would like all residents to have equal access to a local pool and the closure of Purley pool would impact not just schools, but all local residents who used the pool.

It was noted, that Swim England had issued research which showed that swimming was ideal for those who could not exercise on firm ground and improved a person's ability to concentrate and supported the management of long term conditions such as ADHD, obesity and dementia.

Furthermore, it was stated that research had shown that swimming had been proven to reduce the symptoms of anxiety or depression for 1.4 million adults in Britain and that over half a million adults with mental health conditions, who swam, said they had a reduced number of visits to health professionals due to swimming.

Ms Paul concluded that she, like many others, were keen for swimming facilities to be available now and in the future as a key element in the education of children and as a much needed facility for many adults.

The **Cabinet Member for Culture & Regeneration**, Councillor Lewis, thanked Ms Paul and all the residents who had signed the petition and stressed that their commitment to the local community and local facilities was commendable.

Council were advised that Croydon had been through ten years of austerity, underfunding with the council receiving £200 less per person than Lambeth and there had also been the unprecedented impact of covid-19. These factors, it was stated, had a huge impact on the council's financial position and a Section 114 Notice had been issued. It was necessary for the council to make extremely tough decisions to dramatically reduce the council's expenditure. Furthermore, the leisure partner, GLL, had additionally been impacted financially by the pandemic.

The Cabinet Member stated that considering the above financial position the council was having to consider the sustainability of the leisure contract as a whole, rather than on a site specific basis. It was noted that across the contract some facilities created a surplus and others required subsidies to operate. Initially, at the beginning of 2020 loss making facilities could be subsidised by those which made profits, such as Purley leisure centre which had required a subsidy of £180,000 per annum, however the impact of covid-19 meant the Cabinet Member was unable to provide assurances as to the future of Purley leisure centre. The contract as a whole was being reviewed and the council had been applying for funding and support were possible. Facilities would operate in a more limited way to reduce costs and some potentially, it was stated by the Cabinet Member, may need to close. Purley leisure centre was one such facility which was being considered.

The Cabinet Member recognised that residents would need to change routines to access facilities and it may present some challenges but the Administration was required to make decisions in the best interest of the financial sustainability of the council. The Cabinet Member concluded that the council may consider community models of operation which were cost neutral to the council and felt that it was important that all involved looked to the

future and started the conversation with residents about the future ambition of having a new facility in the south of the borough.

Councillor Quadir noted that whilst other pools in the borough had reopened following the first lockdown during the pandemic, Purley pool had not. This was questioned as Councillor Quadir stated that in his opinion the pool structure was sound and the facility was very popular.

It was noted that thousands of residents had signed the petition and that it was important that the council listened to residents. The elderly and vulnerable used the pool and it was an integral facility for school children to learn lifesaving skills. Additionally, many residents used the pool to keep fit and healthy and it was stated by Councillor Quadir that, now more than ever, it was vital to keep fit and as such it was, in his opinion, as disgrace that a much loved and utilised facility would be considered for closure.

Councillor Quadir questioned why the health and happiness of Purley residents mattered less than the residents of Waddon or New Addington. Furthermore, Councillor Quadir stressed that closing the pool was not only against the wishes of local people but it was also against the council's duty to protect the services residents rely upon.

It was stated by Councillor Quadir that the Labour Administration was proposing to shut libraries, recycling centres, reduce the number of social workers, streets cleaners and close Purley pool due to financial strategies which had seen the council's debt rise to £1.5 billion.

Councillor Quadir concluded by asking whether the Administration would work with Conservative councillors and the community to save Purley pool or whether it would close the facility and sell it to developers.

Councillor Flynn commended the supported of the petition and stressed that she sympathised with their desire to protect a much loved facility. Councillor Flynn explained that there were four pools open at the time of the meeting in the borough, (Thornton Heath, New Addington, South Norwood and Waddon). Croydon's comparator borough, Ealing, also had four pools open.

Councillor Flynn referenced the Cabinet Member's response to the petition that prior to the pandemic GLL, who ran the leisure contract in Croydon, was turning a profit in other facilities in the borough. This had enabled Purley pool to be subsidised. For the majority of the year GLL had not been fully functional with restrictions in place requiring full or partial closure of facilities. Whilst the council had worked to support GLL during this period Purley pool had consistently ran at a loss of £180,000 per year.

It was noted by Councillor Flynn that due to site restrictions it was not possible to redevelop the leisure or enlarge the gym facilities, which would support subsidising the running of the pool. It was further noted that the facility required considerable investment. The air handling system and balance tanks

required replacement at a cost of £200,000; which could not be covered by the council or GLL.

Councillor Flynn concluded by acknowledging the work of Members and residents to present the petition and their clear concerns for the local community. Whilst it would be sad to lose the facility, Councillor Flynn stated there was a high quality facility at Waddon leisure centre which was 16 minute journey on the 289 bus which was popular with residents and school children.

It was stated by **Councillor Redfern** that Purley town centre served as a hub for the south of the borough and served around a quarter of the borough's population. The statutory duty of schools to ensure all 11 year olds can swim 25 metres unaided and the role of community swimming pools to facilitate meeting that requirement was highlighted by Councillor Redfern. By closing down the pool, which was used by at least ten schools, would restrict opportunities to ensure the safety of children.

Councillor Redfern further noted the need for all to remain fit and healthy and the location of Purley pool gave residents in the area, who were unable to do alternative exercise, an opportunity to remain fit. It was noted the Enterprise Swimming Club had provided swimming activities for the disabled at Purley pool since 1982. Concerns were raised that those who had previously taken part in the clubs activities had been without exercise for over nine months and the council, had not discussed alternative venues with the club. Furthermore, Councillor Redfern stated the pool in Purley brought people to the district centre and its closure would have an impact on the local economy.

Concerns were raised that for residents of Sanderstead, Kenley or Coulsdon a round trip to Waddon or New Addington would require taking two or three buses. This could take up to two and a half hours, which would not be practical for primary schools. It was stressed the council should be making exercise easier and not harder.

Councillor Redfern stated Purley leisure centre had been underfunded and investment in the centre had not taken place during the previous six years and the council had not sought to access alternative funding streams, such as £250m released by Sports England earlier that year.

In response to the suggestion by the Cabinet Member that the community should look to the future of a swimming pool in the south of the borough, Councillor Redfern stated that until there was planning permission and ring fenced funding for such a project the people of Purley would not understand the closure of the current facility. Councillor Redfern concluded by reminding Council that in January 2015 it had unanimously voted to keep Purley pool open and appealed to Members that they should not renege on that decision.

Madam Mayor invited Ms Colette Luke to speak as one of the lead petitioners.

Ms Colette Luke informed Council that she was representing the children of St Aidan's who had passionately organised the 'Walk to Save Purley Pool' campaign which had been inspired by their role models; Captain Tom Moore and Marcus Rashford. Quotes were read out by Ms Luke from the children who had been involved in the campaign:

Jeremy: "Swimming is the only sport that saves lives. I need to practice at Purley pool. One day, I might be in a situation where I need to save my life or someone else's, keep Purley pool open. It's a matter of life or death."

Tye: "With COVID, lots of mums and dads have lost their jobs. We don't have money now. This summer, we'll have nothing to look forward to. At least if we have Purley pool, we can still have some fun with our friends."

Abigail: "I watched the news. And I saw that some adults at Croydon Council have made bad decisions about money. That's their fault. And it's not fair that Purley pool is shut and all the children should suffer."

Natalie: "Before lockdown, we used to go every Thursday with our teachers for our swimming at Purley pool. We shared our pool time with a group of disabled people. They used to see us and always smiled and waved at us. I'm so sad that I can't go swimming anymore, but I feel even sadder for them."

Robin: "I live in a flat. There are lots of flats in Coulsdon and Purley. Getting exercise at Purley pool is even more important when people don't have a garden."

Isadora: "My mum told me a very sad story. There was a girl and a boy and their dad and they all drowned in a swimming pool last year when they were on holiday in Spain. That family were from London like us, I think if Purley pool closes forever and the children can't practice their swimming anymore, I feel really scared that that could happen to someone I know around here."

Ms Luke, informed Members that while the children were planning their campaign they had asked whether Purley pool had been open when she had been a child. She had explained that it had opened when she was their age and how excited she had been to have somewhere local to swim and meet friends. Ms Luke, reflected that she felt sad that if all present at the meeting were champions for the children of Croydon then it was important to ensure children had the same, if not better, provision as they had enjoyed growing up.

Madam Mayor invited the Cabinet Member for Culture & Regeneration to respond to the matters raised during the debate.

The **Cabinet Member for Culture & Regeneration** expressed that it had been good to meet with some of the 'Save Purley Pool' campaigners, the previous evening, and welcomed the discussion at the Council meeting. Whilst the Cabinet Member stated he had heard the concerns of the

petitioners he noted that the council were in a position where it could no longer subsidise the facility.

The Cabinet Member committed to continue dialogue with the petitioners and thanked them for raising the voices of the pupils of St Aidans and offered to visit the school and speak with the children.

Madam Mayor asked the Cabinet Member for Culture & Regeneration to summarise the Administration's next steps on the matter.

In addition to continuing the conversation with residents in the south of the borough and potentially visiting St Aidan's to meet the children who had been part of the campaign, the **Cabinet Member for Culture & Regeneration** restated his commitment to working with the community in Purley to investigate potential alternative models for operating the leisure centre. This would be cost neutral to the council and discuss the potential for new facilities in the south of the borough.

Madam Mayor informed Council that in accordance with Paragraph 3.18.5, subsection 8 of Part 4A of the Constitution that the debate was brought to a close and that there was no vote on the item. The petitioners were thanked for their participation in the meeting.

140/20 **Croydon Question Time**

Public Questions

Madam Mayor explained that Croydon Question Time would commence with 30 minutes of public questions to the Leader and Cabinet Members. In accordance with advice from the Government and Public Health England, it was not possible to hold public meetings in the Town Hall. As a result, members of the public were unable to ask questions from the public gallery in the Council Chamber. Questions had been received by email up till 12 noon on Friday 27 November 2020. Twelve questions had been submitted. Madam Mayor advised that a number of questions related to the Low Traffic Network and unfortunately those could not be taken as the Council's Constitution specifically prohibited questions pertaining to ongoing litigation. Those residents which had submitted questions relating to the Low Traffic Network had been written to and advised of the situation.

Madam Mayor read a question from Maria Nawrocka:

"The Croydon Renewal Plan paper to Council on 28 September estimated in-year staff savings of £2m. How many council staff have lost their livelihoods as a result of:

- *Voluntary redundancy; and*
- *Compulsory redundancy.*

What is the current in-year (2020-21) savings projection as a result of staff redundancies?

How many staff continue to be paid by the council through agency or consultancy contracts?

What is the in-year (2020-21) cost of agency and consultancy staff?"

In his response the Cabinet Member for Croydon Renewal, Councillor King, thanked Maria Nawrocka for her instrumental work on the award winning work on the Croydon Play Streets scheme. Council were informed that 94 staff were leaving the council as a result of redundancy during 2020/21. 48 of those staff members were leaving under a voluntary arrangement and the remaining 46 were under a compulsory arrangement which would result in savings in the region of £1,386,000. Councillor King stated that figure excluded vacancy deletions and redeployment costs. In response to the final part of the question, Councillor King stated there were 267 staff employed on an agency contract basis and the in-year expenditure for those positions was in the region of £13,840,000.

Madam Mayor read a question from Kostandinos Dexiades to the meeting:

"When I emailed Councillor Ali to ask what is the Labour Council doing about stopping fly tipping in Croydon, I got email back from Councillor Ali to report fly tipping on My Account. I do this, but that's not the issue. My question was what is Labour doing to stop fly tipping? Councillor Ali responded it is not Labour that is fly tipping – that is not the way to email Croydon voters. So, what is Labour doing to stop fly tipping in Croydon, so that taxpayers don't pay to clear up after fly-tippers?"

In his response the Cabinet Member for Sustainable Croydon, Councillor Muhammad Ali, stated fly tipping was a national crisis and was costing local government, as a whole, significant sums of money to tackle. It was noted that the former Cabinet Member for Clean Green Croydon had lobbied the Secretary of State for DEFRA. The response from DEFRA had not addressed how the issue would be tackled nationally.

Councillor Ali stated that since 2014 the Council had operated the 'Don't Mess with Croydon' campaign and an app had been developed to enable residents to report a number of environmental issues, such as fly tipping. Furthermore, the Council employed Enforcement Officers who had issued around 800 and 1000 fixed penalty notices annually and the council had seized 53 vehicles which had been used to fly tip.

In conclusion, Councillor Ali explained, Croydon could not combat fly tipping alone and required the support of residents to continue to report those who fly tipped. Government intervention was also required. Councillor Ali requested that environmental issues were reported through the correct channels to support the council in monitoring the performance of the contractor.

Madam Mayor read a question from Mark Samuels to the meeting:

“Croydon will live within its means”, says replacement Leader of the Council. Councillor Hamida Ali, continues to declare publicly funded employment as, “workforce equality, diversity, and inclusion manager” at the Greater London Authority. Given our parlous state, surely any committed leader would instead, focus solely on the improvement of Croydon?”

In her response the Leader of the Council, Councillor Hamida Ali stressed that she had served in her role as Leader full time since she was appointed. From 16 October 2020 and 10 November 2020 she had been on a combination of annual leave and public duties leave. Since that date she had been on an unpaid sabbatical from her role at the Greater London Authority, which had enabled her to focus full time on being the Leader of the Council.

Madam Mayor read a question from Ola Kolade to the meeting:

“With an increase in complex cases relating to vulnerable young people in Croydon. How does this administration plan to support their wellbeing, given plans to make £6.4 million in cuts to this department?”

In her response the Cabinet Member for Children, Young People & Learning, Councillor Flemming, stated the council continued to work with its young people and had been able to support a number to enter apprenticeships. Work would continue with partner agencies to support young people and going forward conversations would continue with the upcoming university providers; Southbank University, Roehampton University and Croydon College to further support young people in the borough. In particular, the Cabinet Member highlighted targeted opportunities, such as short courses and longer courses to support young people to enter the workplace.

Furthermore, Councillor Flemming highlighted the work of CALAT (Croydon Adult Learning & Training) which undertook targeted work with 16 to 18 year olds to support them, whether academically if they had missed qualifications or to enter the workplace.

Madam Mayor read a question from Richard Mearns to the meeting:

“Croydon have a proven track record with wasting money and mismanagement of public funds. Can Cllr Ali or his predecessor

- 1. Provide a clear explanation of the costs of the implementation of the Road Blocks across Croydon?*
- 2. How much does each planter cost?*
- 3. How much have the concrete road closure cost to put in?”*

In his response the Cabinet Member for Sustainable Croydon, Councillor Muhammad Ali, stated he was confident that the cost of the measures was similar to the costs incurred by other local authorities in London which had implemented similar measures otherwise Transport for London (TfL) would not have approved proposal or funding.

It was explained that the average cost of the measures was just over £1,000 per unit and that TfL normally pays most of the funds which a local authority uses to invest in the public realm and transport of the borough. In 2020/21, with the pandemic, funding was put in place to implement TfL's Street Space Programme and the Croydon Street Space Programme, which sought to create temporary low traffic streets and neighbourhoods.

Madam Mayor read a second question from Kostandinos Dexiades to the meeting:

"My question, why did the Labour Council allow this bankruptcy to happen after being warned this would happen?"

The Cabinet Member for Resources & Financial Governance, Councillor Young, noted that the Report in the Public Interest (RIPI) stated that there had been opportunities in recent years where the Council could and should have taken action to mitigate the financial pressures.

The Cabinet Member stated that the report did not suggest there had been deliberate action on the part of the council which had led to the 2020/21 in-year pressures exceeding the council's reserves position. Rather, the Cabinet Member noted, the report cited missed opportunities, such as the auditor concerns which had been reported to officers and Members in July 2018 and the adverse Value for Money qualification reported in 2019. The conclusion of the report had been that there had been collective corporate blindness and opportunities to rectify the financial position and this, the Cabinet Member stated, was a matter of regret

The Cabinet Member noted that there were further reviews due to be completed and that those alongside the RIPI would enable the council to better understand how it had reached the position of issuing a Section 114 Notice. The Cabinet Member concluded that the Croydon Renewal Plan, Financial Recovery Plan, the RIPI Action Plan, the submission to the Ministry of Housing, Communities & Local Government (MHCLG) and the Independent Improvement Board would all support the council on the road to recovery.

Questions to the Leader

In his question the Leader of the Opposition, **Councillor Perry**, stated Croydon was due to face the most draconian cuts the borough had seen but queried the Leader's remarks to residents that they were "not to worry". Councillor Perry questioned why the Leader maintained this line when all residents would be affected, and in particular the most vulnerable.

The Leader noted that given the issuing of a Section 114 Notice it would be understandable for residents and community organisations to be concerned, especially with the term 'bankrupt' being used. However, the Leader felt it was important that the council reassured residents that, despite the difficult financial situation, the council would continue to be there to support residents.

The Leader confirmed that statutory services would continue and it was non-statutory and new expenditure which were the subject of the Section 114 Notice. Services such as refuse collection, services to protect children and vulnerable adults which were statutory would continue to be delivered. The council was required, given the financial situation, to review services and find savings as the financial resilience of the authority needed to be addressed. The Leader concluded that it was important that the council continued to support residents even in the context of delivering necessary savings.

In his supplementary question, Councillor Perry stated he felt the Leader was giving residents false hope as services would be diminished to combat the financial position the council was in. He queried whether the Leader would show true leadership and expel and seek the resignation of Councillors Newman, Butler and Hall from the Labour Group as Councillor Perry stated residents, staff and partners were angry and wanted to see action.

In her response, the Leader responded by saying that she felt that it was really important to reassure residents, especially in light of some of the messages from Opposition group to the alternative. The council had a controllable budget of almost £300million which provided a range of services and the Leader stressed those services would continue to be delivered. The challenge, the Leader stressed was to live within the financial envelope available and it was recognised that all areas of the council would need to be reviewed to achieve that. Budget proposals had been agreed by Cabinet at the meeting the previous week and a consultation would take place with residents in order to hear their ideas also.

The Leader noted that the external auditor, Grant Thornton, at the Extraordinary Council Meeting on 19 November 2020 had recognised that there had been demonstrable change at the council in the proceeding weeks in response to the concerns they had raised. In terms of Councillor Perry's supplementary question, the Leader reiterated that those councillors were no longer in their previous roles due to resignation or changes in the Cabinet.

Councillor Woodley queried what the likely impact to Croydon would be of being placed into tier two as a consequence of the covid-19 pandemic.

The Leader stressed that the national restrictions in place and that the 'Stay at Home' message was still in place. From 2 December 2020 the whole of London would be placed in tier 2, High Alert. In terms of local businesses; non-essential shops, gyms, hospitality and entertainment facilities would be able to reopen under tier 2. It was imperative that the message of 'Hands, Face, Space' should still be in place to stop the spread of the virus and avoid a move into tier 3. The Leader noted that Croydon had been fortunate to have comparatively low infection rates for London. Whilst this was the case the Leader stressed it was important that London as a whole had the same rules in place.

The Chair of Croydon Health Services, Mike Bell, had addressed Cabinet earlier that day and the Leader reiterated his message that the NHS was open; whether to access GP services or emergency care.

Councillor Hollands queried whether the Leader accepted that her Administration was no longer in control of the borough due to financial mismanagement and asked how she expected residents to trust Labour with the council's finances.

The Leader stated that she did not accept the suggestion that the Administration was not in control of the borough. The Leader recognised that they were within straitened financial times and were within emergency measures due to the Section 114 Notice but stressed the council had a controllable budget of £300million annually which delivered vital services.

The Leader reiterated that the configuration of services would need to be looked at, including how much was being spent on the delivery of the service and whether that was comparable to other local authorities and whether Croydon was in line with best practice. This was what the Administration was resolutely focused on, as stated by the Leader, along with the improvement journey as it was noted the financial position had not emerged overnight. It was stressed by the Leader that it was important the council continued to deliver services for residents.

In his supplementary question, Councillor Hollands stated that Labour had been first elected as the administration in Croydon in 1994 and following that period, in 2003, there had been a 27% council tax increase which he stated was to offset the financial consequences of the time. Such an increase in council tax was not possible, and so Councillor Hollands queried whether critical services would be lost on this occasion.

The Leader noted there were caps on how much revenue councils could generate from residents and that the Comprehensive Spending Review released the proceeding week had shown that the government assumed councils would increase council tax by around 4.5-5%, including the Adult Social Care precept. As such, the Leader felt it was clear the government would expect residents to provide additional funding for local government.

Councillor Clark queried whether the figure of 400 redundancies at the council in 2020 was correct.

The Leader confirmed that while 400 posts had been put at risk of redundancy during the staffing review fewer than 100 members of staff had left or were due to leave the organisation. This was due to the removal of vacant posts and whilst that presented challenges in terms of capacity in the organisation it had reduced the impact on the number staff leaving the council.

In his supplementary question, Councillor Clark noted the council's budget was under severe pressure and painful decisions would be required. In light of these factors, Councillor Clark requested the Leader commit to early and

meaningful engagement with trade unions with a view to minimise the impact on staff and services.

The Leader confirmed, in her response, that the council was working with the trade unions at an early stage. The Deputy Leader (Councillor King) and herself had met with Unison the previous week. The Leader stated, she would want to minimise the number of compulsory redundancies but that proper consultation and constructive discussion would need to take place before decisions were made.

Pool 1

With the end of the time allocated for questions to the Leader, Madam Mayor moved to questions to the Cabinet Members in the first pool. Councillor Avis, Councillor Wood and Councillor Shahul-Hameed were invited to make their announcements.

Councillor Shahul-Hameed, Cabinet Member for Economic Recovery & Skills, informed Council that Croydon had been awarded just over £14million in business grants from government of which £8.2million was discretionary grants and the remaining £5.8million had been local restriction support grants for businesses closed from 5 November 2020 due to the restrictions that had been put in place.

Council were advised that the mandatory grant payments were being distributed and 1015 businesses had been identified and sent the application form to complete for grants. Once a completed form had been received the grants were processed. In terms of the discretionary grants, the council's website had been updated and the application process would be opened that week.

In her question to Councillor Avis, **Councillor Hale** noted the Cabinet Member for Homes & Gateway Services had been a strong supporter of labour policies over the previous six years and had, in her opinion, shut down Opposition members who had raised concerns. In light of cuts to the Housing and Gateway services, Councillor Hale questioned whether Councillor Avis regretted her previous decisions.

In her response, Councillor Avis stated she did not regret any of her decisions or comments to Opposition Members. Whilst she was proud of a number of initiatives the Administration had put in place she was ashamed of the financial position of the council which would impact vulnerable residents. Councillor Avis reiterated the council would be there to support them but recognised the discretionary services may no longer be delivered.

Councillor Hale raised concerns, in her supplementary question that during a period when an increasing number of residents were approaching the Gateway Service that services would be cut. Councillor Hale noted that staff had worked to help people as early as possible to keep their home, stay safe and manage their debts but the council had little choice but to cut those

services. In particular, the Welfare Rights Service was highlighted as demand for that service had increased by 300% in the last year.

Councillor Avis also recognised, in her response, the work of the Gateway Service but noted that the service had been introduced due to the impact of Universal Credit to ensure families were not adversely affected. Councillor Avis stated the intention was to take the ethos of Gateway and embed it in the council as a whole.

In her question **Councillor Prince** asked whether the Cabinet Member for Economic Recovery & Skills shared her concern that the government had let down businesses by not extending rate relief for retail, leisure and hospitality businesses into 2021/22.

Councillor Shahul-Hameed in her response stated the government had let a number of people down and that its decisions had a huge impact on the business community. The night-time economy, was at breaking point and the feedback from businesses was that the grants were not enough to support them during this period. The Cabinet Member stated there was a need for targeted emergency support and noted the decision to not extend the rate relief scheme would have a major impact on those businesses, including possible closures and job losses.

In her supplementary question, Councillor Prince stated she was pleased that lobbying of government was taking place and queried whether there had been any indication that the government may u-turn on the decision to not extend the rate relief.

Councillor Shahul-Hameed stated in her response that a u-turn was hoped for. The campaign by Croydon BID, which was started during the first lockdown and sought to support businesses over £51,000 was highlighted as it was noted that the government had since announced support for those businesses. The Cabinet Member confirmed that the council would continue to support lobbying for further support for the business community.

Councillor Bains, in his question, stated Brick by Brick had been a failure and that, in his opinion, corruption was endemic within the organisation as it had not delivered the number of affordable homes which had been promised. Councillor Bains queried how this made the Cabinet Member feel and whether she would apologise to the vulnerable families on the housing waiting list which had been let down due to, his opinion, her complicity and inaction to rectify the issues within Brick by Brick.

In her response, Councillor Avis noted the language used by Councillor Bains was incorrect and suggested it was inflammatory. Councillor Avis pointed to the RIPI which noted that there was a responsibility of all councillors to take their role seriously and to challenge respectfully. The Cabinet Member stated that she was sorry for the financial situation the council was in.

Following interruptions from Members, Madam Mayor invited the Interim Chief Executive to speak to the meeting. Katherine Kerswell, Interim Chief Executive, stated that whilst she appreciated that the issues were heightened and Members wanted to ensure their views were heard, interjecting whilst a Member was speaking was not permissible in the Council Chamber. The Interim Chief Executive brought to Members attention the Council's Standing Orders and the Members Code of Conduct which required Members to treat one another with respect and requested that Members abided by Madam Mayor's rulings.

Madam Mayor explained that allegations of corruption or similar allegations were not permissible in the Council Chamber under the Council's Constitution.

Councillor Avis invited the Leader, (as the lead member for Brick by Brick), to answer the question from Councillor Bains. The Leader, highlighted the RIPI and the reports which were due to be discussed later in the meeting which sought to strengthen governance arrangements and the council's role as sole shareholder. The Leader, however did raise concerns in relation to the language used within the question and stated that there was no evidence that corruption had taken place.

In her question, **Councillor Jewitt** noted that the covid-19 pandemic had further contributed to resident's financial insecurity and was impacting on their ability to pay rent. In light of this, Councillor Jewitt questioned what action the council was taking to address those issues.

In her response, Councillor Avis, thanked Councillor Jewitt for speaking on the situation that many Croydon residents had found themselves in. There were a number of factors impacting the situation and the Cabinet Member highlighted that earnings in Croydon was lower than other local authorities, austerity and Universal Credit which could lead to residents ending up in poverty and being homeless. The council had been trying to build new homes in Croydon, including affordable homes and officers were working to place families in affordable private accommodation. Furthermore, pan-London solutions were also being considered to stop council's competing with one another for placements.

Councillor Jewitt, in her supplementary question, asked whether the Cabinet Member would be interested in reintroducing the Fair Rent Council to enable the council to ensure landlords were not able to unfairly impact families' home life.

Councillor Avis confirmed that it would be good to reintroduce Fair Rents and that she was aware that there were many people who were lobbying for the reintroduction.

Councillor Stranack, in his question, stated that the budget proposal would see cuts of millions of pounds from the voluntary sector whilst asking the sector to take on responsibility for adult social care packages and other services. Councillor Stranack, questioned how the council expected the

voluntary sector to take on those additional tasks when its funding had decreased.

In response the Cabinet Member for Communities, Safety & Resilience, Councillor Wood, confirmed that as part of the process of balancing the budget that there would be to consider some cuts to the voluntary sector. The Cabinet Member stated that he appreciated the work of the sector, which was one of the largest in London. It was noted, that for six years, funding for the sector had been protected and in the previous year had been increased, whilst some council's in London did not fund the voluntary sector. Stopping funding for the sector was not being proposed but adjustments and difficult decisions would need to be made. The Cabinet Member stressed that the council would continue to support the sector and conversations were ongoing on how best to do this going forward.

Councillor Clark requested an update on the two buildings in the town centre which had Grenfell style cladding in light of the government's proposals in relation to fire safety.

Councillor Avis thanked the Fairfield ward councillors for taking an interest in the two buildings and for speaking with residents of those blocks. The Cabinet Member stated that the advice she had been given by Building Control was that Citiscape was not dangerous and that the council had discharged its responsibilities and it was for the private owner to pursue. In terms of Centrillion, Building Control had been appointed to look at the building and discussions were ongoing to address the cladding.

Pool 2

With the end of the time allocated to questions to the Cabinet Members in the first pool, Madam Mayor signalled she was moving on to questions to Cabinet Members in the second pool. Councillor King, Councillor Muhammad Ali and Councillor Young were invited to make their announcements.

Councillor King, Cabinet Member for Croydon Renewal, informed Members the Chancellor had delivered his statement on the 2021/22 Spending Review the previous week. Key aspects of the Spending Review were highlighted; it was noted that it covered one year only rather than three which would make it difficult to plan in the medium term. The council tax referendum limit had remained at 2% and the adult social care precept could be set at 3% of core funding. The Cabinet Member stated this would equate to an increase of 4.5% in cash terms and that equated to an additional £7.5 million in revenue however £6 million had already been assumed with the current Medium Term Financial Strategy (MTFS). The Cabinet Member further noted that the New Homes Bonus had been retained, however it was proposed that there would be a public sector pay freeze. An impact assessment on the full impact was being undertaken and would inform the budget setting process for 2021/22.

Councillor Muhammad Ali, Cabinet Member for Sustainable Croydon, highlighted the consultation on the Crystal Palace and South Norwood Low

Traffic Neighbourhood (LTN) was open until the end of the week and all stakeholders were encouraged to engage with the consultation.

Councillor Clouder noted that the covid-19 pandemic had impacted London public finances greatly, including Croydon Council's, and questioned what the current covid-19 funding was.

Councillor King agreed that the pandemic had dramatic impact on finances with an estimated impact of £2.6 billion on local government in London alone. Whilst emergency support had been provided by the government, the Cabinet Member stated it was not sufficient to cover all of the costs for the pandemic. Croydon's return to MHCLG in October 2020 set out an expected expenditure on covid-19 of around £38 million; just under £29 million in unachievable savings and just under £10 million in lost income and fees. The Cabinet Member reported that the total costs of covid-19 amount to £76.5 million while the council had received £33 million in government grants to cover this cost.

Councillor Redfern stated that the Croydon Renewal Plan suggested the closure of one or two of the Household Refuse and Recycling Centres (HRRC) which would mean longer journeys for responsible residents to dispose of their waste and would lead to an increase in fly tipping. Furthermore, Councillor Redfern stated that the surrounding roads of the current HRRCs often experienced high traffic levels and queuing and that this would increase if centres were closed. In light of the concerns she had raised, Councillor Redfern queried which ward would experience the high traffic levels.

In response, Councillor Muhammad Ali stated that the decision to close any centres had not been made and any proposal would be subject to further work and consultation. Furthermore, any such decision would be subject to impact analysis. The Cabinet Member stressed that it was important that the whole situation was reviewed rather than looking at specific elements.

In her supplementary question, Councillor Redfern noted that at the Cabinet meeting the previous week the Cabinet Member had stated that one or two centres would be closed and that her concern was that there was already insufficient capacity and so traffic issues would only increase at the remaining sites.

Councillor Muhammad Ali confirmed that he had stated at the Cabinet meeting that one or more centres would be closed but stated that a decision on which one/s had not been made. Furthermore, the Cabinet Member stated that as part of the Depot Strategy investment would be made at one of the remaining sites to ensure there was capacity in place and the traffic plans would align to ensure demand could be managed.

In his question, **Councillor Jason Cummings** noted that page 19 of the PricewaterhouseCoopers (PwC) report on the Strategic Review of Companies referred to a revolving investment fund and stated that £272 million lending

limit had been established in the 2018-2022 MTFS which had been breached by £17.5 million. Councillor Cummings questioned who had authorised that breach and under what power.

Councillor King responded and explained the revolving investment fund was being reviewed as part the Brick by Brick recommendations and that the review would also consider the issue Councillor Cummings had raised. Councillor King, stated the recommendations of that review would be presented to Cabinet in February 2020, alongside the budget. In relation to the point raised by Councillor Cummings, the Cabinet Member acknowledged the council's management of loans had not been adequate and the Administration had been looking to ensure a more robust process was in place to ensure such a situation was not repeated.

Councillor Cummings, in his supplementary question, questioned who had authorised exceeding the limit and under what power.

The Cabinet Member explained that the Interim Chief Executive had launched an investigation into the decision making over the course of the period in question which would be led by someone from the Local Government Association (LGA). It was felt that Councillor Cummings question would fall within the remit of the investigation and Councillor King committed to check with the Interim Chief Executive that it would be part of the investigation.

Councillor Prince questioned whether the Cabinet Member agreed that the 4.5% increase in council core spending power was manifestly unfair as the majority of that money would be a result of council tax increases rather than additional funding from the government.

In response, Councillor King replied, that it was positive that the Spending Review had provided for a potential increase of 4.5% in core spending power, however he agreed that the additional money would come from increases in council tax rather than increases to government funding which was required.

In her supplementary question, Councillor Prince questioned whether there would be any additional money left once inflation had been taken into consideration.

Councillor King responded, by saying that there were elements of the Spending Review which were welcomed, such as the extension of the New Homes Bonus and potential additional covid-19 impact spending. Despite this, the Cabinet Member noted that local government was not properly funded and that on a cross-party basis there was a recognition that local government had not been properly reimbursed for the cost of covid-19 which was a factor for some of the issues faced by the council.

Councillor Streeter stated that in 2017, the then, Cabinet Member for Environment & Transport (Councillor King) announced that free parking bays would be introduced across the borough, however since then the council had decided to remove those bays. Councillor Streeter, questioned why it was felt

that free parking bays were needed in the run up to a local election but not when the high street was facing its biggest crises since the Second World War.

In response Councillor Muhammad Ali explained that policy objectives changed over time and the council was responding to the serious threat of air pollution and the parking policy was now aligned to that threat. The growth in the population and density was highlighted by the Cabinet Member and the aim of the Parking Policy was to respond to challenges whilst maintaining access to homes, businesses and other amenities. Furthermore, the Cabinet Member highlighted that registered vehicles in Croydon had grown from 132,000 in 2001 to 248,000 in 2016 and that was a challenge the council needed to respond to. Parking spaces across the borough were generally oversubscribed which, indicates that the upper price point had not been reached.

In his supplementary, Councillor Streeter stated the council faced two crises; the financial crisis and a cultural crisis, as it had struggled with openness and transparency and asked the Cabinet Member to be honest with his answer, that the financial position of the council was driving force for the change.

Councillor Muhammad Ali queried which policy Councillor Streeter felt had been disastrous and noted that the Road Traffic Regulations Act was in place which restricted the ability of councils to increase parking charges to be used for savings. The money raised for parking charges was to be used for transport and highway expenditure.

Pool 3

With the end of the time allocated to questions to the Cabinet Members in the second pool, Madam Mayor signalled she was moving on to questions to Cabinet Members in the third pool. Councillor Lewis, Councillor Flemming and Councillor Campbell were invited to make their announcements.

Councillor Flemming, Cabinet Member for Children, Young People & Learning provided an update on plans regarding the SEND pathway which had been developed with Croydon College and Coulsdon College. The SEND pathway was in its third year and had been an outstanding success with 53 students achieving success in their own communities. The service had been developed further for 19-25 year olds and it hoped to extend the programme into a fourth year also.

Councillor Campbell, Cabinet Member for Families, Health & Social Care informed Council that the One Croydon Alliance had been shortlisted in two categories of the 2020 Health Service Journal which recognised outstanding contributions to health and social care. Croydon had been shortlisted for System Leadership Initiatives and Local Government Partnership.

Councillor Gatland stated that the financial situation faced by the council put vulnerable children at risk as vital services were being cut, such as transport

for nursery children with disabilities. Councillor Gatland questioned how the Cabinet Member could defend the choices which had been made.

In response, Councillor Flemming stated that there were 27 nursery children with disabilities in the borough, and whilst the transport service was not statutory conversations would take place with each family affected. It was noted that some of these children would be entering mainstream schools in September and so that number may change ahead of difficult decisions being made. The Cabinet Member highlighted that many local authorities did not support similar families in other boroughs and any decision to cut services would be difficult as every child mattered.

In her supplementary question, Councillor Gatland stated that previous budget decisions had led to huge levels of debt and decisions that were being made would cause distress and anxiety to vulnerable children, their families and to staff. It was suggested that cuts would continue due to further overspending.

Councillor Flemming stated that the service was underfunded and growth had been planned to address some of the structural issues due to the underfunding. The council was working with PwC to understand benchmarking and support writing budgets for services. Savings would be made in services where it was right and proper. Challenge would be received both externally and from partners at Camden Council to ensure the best service was being delivered for the most vulnerable during the continued improvement journey.

Councillor Bernadette Khan queried what the implications of the spending review on adult social service was.

In response, Councillor Campbell confirmed the council had been working closely with the London Government Association (LGA) in order to reduce costs safely and carefully. Targeted projects had been rolled out which had reduced spending by 5%. The Cabinet Member stated that the council was committed to the eight core ways of working; including direct payments, appraising in-house services and would frequently assessing the financial position.

Councillor Bernadette Khan, in her supplementary question, asked whether the Cabinet Member agreed that the government needed to provide greater certainty of the long term sustainable solution to the funding of adult social care, especially in light of the impact of covid-19.

Councillor Campbell agreed that adult social care had paid the price during the pandemic and the council was still waiting to be recompensed as the government had promised. Since the Care Act 2014, the Cabinet Member stated there had been various initiatives which had not resolved the issue of underfunding. Councillor Campbell was pleased to note that social care had not been forgotten in the future plans of the NHS. An integrated care system was being worked on jointly by both local government and the Nation Health Service (NHS).

Councillor Roche stated that there was evidence within a report issued the previous year that Labour were considering options to close libraries across the borough. This had been denied by the Cabinet Member. It was stated that libraries were particularly used by the elderly and vulnerable residents across the borough and were a lifeline for those who were lonely and isolated. In light of the concerns raised, Councillor Roche, asked what the Cabinet Member's message was to residents who were at risk of losing their local library and whether he would apologise for the financial position the council was in.

The Cabinet Member for Culture & Regeneration, Councillor Lewis, suggested that Councillor Roche was being disingenuous as the recommendations within the report referred to had been rejected at the time. However, the circumstances at that time were radically different. It was recognised that, now, the council had to make tough decisions to reduce expenditure and that included going out to consultation on the future of five libraries. Councillor Lewis, stated that it was hoped that the consultation would be able to establish alternative operating models, such as the community model used at the Upper Norwood library hub. This would enable the continued use of those sites included within the consultation. The Cabinet Member concluded that there were 13 libraries in the borough which was higher than neighbouring boroughs and the provision needed to be reviewed as part of the budget decisions which had to be made.

In his supplementary question, Councillor Roche stated that further concern was that during a time when the council should be encouraging people to be fit and healthy it would be closing leisure centres. It was questioned which sites were at risk of closure.

Councillor Lewis noted that there had been a debate on the future of Purley pool earlier in the meeting and that he had made commitments to continue conversations with residents and he hoped that it would be possible to explore community models of operation which were cost neutral to the council going forward.

Councillor Fraser queried how sustainable the GLL contract for leisure facilities was in light of usage during the pandemic.

In response, Councillor Lewis noted that there were a number of leisure facilities across the borough, some of which ran on a surplus and others ran at a deficit. During normal times the surplus and deficit was roughly at an equilibrium. During the previous year, with the pandemic, the leisure facilities had been closed for a number of months. Since reopening, facilities were operating at around 40% capacity which put a huge pressure on the operator, GLL. The council was working with GLL to improve sustainability and for the estate as a whole to produce a surplus.

In his supplementary question Councillor Fraser queried what measures had been put in place to improve the sustainability of the contract.

Councillor Lewis reiterated that the council was seeking to enhance the sustainability of the contract by applying for external funding and support, reviewing operation model of some facilities to reduce the cost of operation and developing invest to generate proposals. Additionally, the council was having to consider potentially closing some venues where costs could not be reduced and invest to generate proposals were not appropriate.

Councillor Hopley added her congratulations in relation to the One Alliance being shortlisted for awards. In her question she asked the Cabinet Member how she expected vulnerable residents to survive, when £9million of cuts were being made to care packages.

Councillor Campbell responded, that vulnerable residents would not suffer as they were in good hands and whilst cuts would be made due to the financial position of the council, the council would continue to look after its residents.

In her supplementary question, Councillor Hopley stated the specialist employment disability service had been cut which had left vulnerable residents without support. She asked what the Cabinet Member had against vulnerable residents and questioned whether those impacted would be written to and apologised to.

Councillor Campbell replied by saying, that she had nothing against vulnerable residents and that supporting the most vulnerable had been the reason she had become a councillor. She reiterated that the cuts being made to services was due to the financial position of the council and noted that the previous budgets of the council had been agreed by both Groups and so it was important for all councillors to take responsibility for the financial position.

Councillor Fraser queried what factors had been taken into consideration when selecting the libraries to be included in the consultation.

In response, Councillor Lewis stated that factors had included footfall, book issues, number of sessions, the geography of the libraries, equalities impact of closure and the recent repairs and maintenance costs of the venues. The Cabinet Member confirmed that any proposals would be subject to lengthy and detailed statutory consultations. The consultation would start in the new year.

With an end to the time allocated to questions to Cabinet Members in the third pool, Madam Mayor brought Croydon Question Time to a close.

141/20 **Member Petitions**

Madam Mayor advised Members, following legal advice, it was not possible for Council to receive the petition contained within the report. Council were informed that this was in accordance with Paragraph 3.12.4 of Part 4A of the Constitution which prohibited any petition which pertained to ongoing litigation.

Corporate Parenting Panel

The meeting received the Corporate Parenting Panel (CPP) Annual Report for 2019/20. Madam Mayor invited Councillor Flemming, in her capacity, as the Chair of the Corporate Parenting Panel to provide an introduction to the report.

Councillor Flemming informed Council that the reports that had been used to produce the Annual Report had been considered by CPP during the previous year. Councillor Flemming highlighted the contribution of the Empire Members who attended Panel meetings, on a regular basis, and were of different ages. It was noted that prior to the pandemic young people had attended the meetings to speak directly on key areas, such as the Staying Put Policy, which supported 17/18 year olds who were leaving care to remain with their foster carers, where possible. Councillor Flemming commended the young people for their contributions which had resulted in changes to policies.

It was recognised that challenges remained and CPP were looking at key areas such as; health visits and how to undertaken health assessments of young people in care, such as asylum seeking children. Councillor Flemming noted that it had been an interesting year and that following the Ofsted inspection the council's children services had been rated Good.

Councillor Flemming highlighted that one of the key areas going forward would be related to housing. CPP was committed to review and investigate this area. Councillor Flemming concluded that she looked forward to working with members and Empire Members going forward to ensure they were delivering for the young people of Croydon.

Councillor Gatland was invited to ask a question on the Annual Report and thanked officers for their hard work in developing the report and the young people from Empire and others who had attended CPP meetings for their important contributions. Councillor Gatland noted that one the areas of improvement within the Ofsted report had been corporate parenting and highlighted that at the last meeting of CPP, officers had raised concerns that services for vulnerable young people would be impacted by staffing cuts and queried whether staffing levels would be cut or whether caseloads would be increased.

Councillor Flemming responded, that whilst she had focussed on the Empire children she also recognised the fantastic work of others who had been involved in the CPP. Councillor Flemming noted Councillor Gatland attended the meetings also and would be aware that discussions had been held with CPP in relation to social worker retention. Councillor Flemming stated the council were keeping a close eye on staffing levels and had reconfigured adolescent services to ensure sufficient resourcing was available. It was reflected that before the Improvement journey 70% of social workers had

been agency staff and since then the council had been able to reduce that number significantly.

Councillor Flemming further informed Members that there was an upcoming staff webinar and there would be a Children's Race and Equality Review Board meeting taking place which would ensure the voices of staff were being heard. The Cabinet Member committed to continue to champion and support them but stated that she was unable to commit that there would not be any staff losses but staff levels would continually be monitored.

In her supplementary question, Councillor Gatland asked whether the Cabinet Member was only reviewing staffing due to officers raising concerns at CPP meetings and whether caseloads would be increased as it was recognised that this had a negative impact ahead of the 2017 Ofsted inspection.

In response, Councillor Flemming stated that current caseloads were on average between 12 and 14 per social worker. Whilst the council would look at options to increase caseloads as it was stated the London average caseload was 17, Councillor Flemming stressed that this would only be when it was right and proper and would take into account the number of children involved in each case.

Madam Mayor explained that there was no time remaining for further questions on the report and that therefore, this concluded Council's consideration of the report's contents.

Health & Wellbeing Board

The meeting received the Health & Wellbeing Board Annual Report for 2019/20. Madam Mayor invited Councillor Woodley in her capacity as the Chair of the Health & Wellbeing Board to provide an introduction to the report.

Councillor Woodley informed Council that the report summarised the work of the Board from June 2019 to May 2020 and included the measures taking in response to covid-19.

Council was informed the Board had received and agreed the Health & Wellbeing Strategy and the Croydon Health & Care Transformation Plan. Councillor Woodley, highlighted that priority 8 of the Strategy had been to ensure the right people were in the right place and at the right time by working in localities which had been timely when considering the work during the pandemic. Councillor Woodley highlighted the joined up working within Croydon across the council, health and community sector.

The Health Weight workshop was also raised by Councillor Woodley as having taken place in December 2019 which had linked to priority 7 of the Strategy with a stronger focus on prevention. Councillor Woodley explained that the workshop and the development of Health Weight Action Plans for 2020/21 had become particularly relevant when considered in light of the potential impact of covid-19 on those suffering from obesity.

Councillor Hopley was invited to ask a question on the report and queried whether in light of the Report in the Public Interest there was any intention to change the membership, so that the Board represented more of the community and review the governance to ensure well informed decisions going forward.

The meeting had reached the specified time for it to conclude (10pm), so Madam Mayor put to Council that in accordance with Paragraph 1.12(5) of Part 4A of the Constitution that the meeting be extended by 20 minutes to enable discussion of items to be concluded.

This was proposed by the Leader of the Council (Councillor Hamida Ali) and seconded by the Leader of the Opposition (Councillor Perry). The motion to extend the meeting was agreed unanimously by Council.

In response to the question, Councillor Woodley stated that Councillor Hopley was a member of the Board and had seen that all partners on the Board had worked really well in producing the Strategy and Plan which had been signed by members of the Board. Councillor Woodley further noted that there were representatives from the Asian Resource Centre (ARC) and Croydon Voluntary Action (CVA). There were often a representative of the BAME Forum in attendance also. Additionally, teachers had been invited to attend to speak on the work they were doing to support young people's mental health. Councillor Woodley concluded that the partners of the Board were able to engage with the business but that the Board also welcomed external input where appropriate.

In her supplementary question Councillor Hopley stated the current membership of the Board was political and the core membership was no longer community based. It was queried whether members of the Opposition would be invited to Executive Group meetings going forward and whether the Vice-Chair would be an Opposition member.

In response, Councillor Woodley noted that Dr Agnelo Fernandes was the Vice-Chair of the Board and whilst she was not aware of any proposed changes to the membership she was open to suggestions, such as a second Vice-Chair.

Councillor Fitzpatrick was invited to ask a question on the report and raised concerns in relation to the inequalities faced by the autistic community and requested information on the commitment of the Board and health partnership to taking forward the Autism Strategy, addressing the inequalities experienced by the community and embracing autism by refreshing the Health & Wellbeing Strategy.

In response, Councillor Woodley thanked Councillor Fitzpatrick for all of his work as the Autism Champion and for presenting a comprehensive report to the Board in October. Councillor Woodley further noted that he had attended a Board workshop in July which had related to inequalities during covid-19

and had highlighted the issues being experienced. Councillor Woodley confirmed that the Board would look at the recommendations within the Autism Strategy and would consider them as part of a future review of the Health & Wellbeing Strategy.

Madam Mayor explained that there were no remaining questions on the report and that therefore, this concluded Council's consideration of the report's contents.

143/20 **Council Debate Motions**

Following the agreement of the Group Whips, Madam Mayor advised there were no Council Debate Motions at this meeting.

144/20 **Recommendations of Cabinet to Council for decision**

Madam Mayor informed Council that she had received a request for all of the recommendations contained within the report be referred for debate. Following consultation with both Groups it had been agreed that the three sets of recommendations would be considered individually with three speakers from each Group speaking for up to three minutes each.

The Croydon Renewal Improvement Plan and the Croydon Renewal Improvement Board

And

The Croydon Renewal Financial Recovery Plan and Submission to MHCLG for the Capitalisation Direction

In moving the recommendations contained in the report, **Councillor King** noted that the report were perhaps the most important to be presented to Council in recent years. There was considerable detail in report in relation to organisational, financial and managerial challenges faced by the council and it categorises the actions and inactions which had contributed to the weakened financial position.

Councillor King stated the report recommended the development of a Croydon Renewal Plan and the establishment of an independent chaired Improvement Board. It was noted that all of the improvement proposals were framed around different areas of work and would include new priorities, ways of work, improved governance, management and leadership practice. Service improvements were planned to better manage demand and costs.

Council were informed by Councillor King that a review of the Member and officer Code of Conduct was planned. This would fully embed the Nolan principles in all of the council's work. It was recognised that the financial gap for the following year remained significant with over £30million of savings identified and more required in addition to a successful submission to MHCLG for a capitalisation direction.

Councillor King concluded that the scale and nature of the challenge was unprecedented but that he was confident that with the new Leader and Interim Chief Executive leading the way in delivering the plan that Croydon would be efficient, effective and financially stable going forward.

Councillor Young seconded the recommendations and reserved his right to speak.

Councillor Jason Cummings noted that the use of the word 'renewal' meant that something had fallen into disrepair or had failed and that this word represented the current state of Croydon. It was stated that the Plan set for departmental budgets to increase by £105 million to offset budgets which had previously been under forecast; as such there would be no additional services but a promise of an accurate budget only.

Councillor Cummings stated that when the savings of £41 million were applied there remained a budget gap of £64 million which had to be breached by savings; which it was stated, would be felt by residents as cuts.

It was stated by Councillor Cummings that his response was not in relation to the content as he recognised that a number of officers had put in a large amount of work into developing the Plan but rather his concerns were in relation to the delivery. Councillor Cummings noted that the Leader and Deputy Leader had been members of the Cabinet which had overseen the issues. Additionally, the chairs of the General Purposes and Audit Committee (GPAC) and Scrutiny and Overview Committee remained in post. It was suggested that having listened to the Leader being interviewed on BBC London Radio that evasion of answering questions which, in Councillor Cummings opinion was a tactic used by the previous Leader, would continue and as such Councillor Cummings did not trust the delivery of the Plan. Councillor Cummings concluded that he felt Croydon deserved better and so he was unable to support Labour's plan for renewal.

Councillor Millson stated that impossible promises started with farfetched resolutions which then became dogma code which ignored the needs of residents and that, in his opinion, this had happened with the Labour administration in Croydon. It was stated that promises were made that revenue would flow from home builder which had failed to build houses and from a hotel that has had to close, and that social care budgets which had repeatedly overspent would suddenly become balanced.

The issues listed by Councillor Millson would continue, he felt, under the Croydon Renewal Plan. He reported that queues were already an hour long at the Factory Lane recycling site and raised concerns that with the proposal to close a centre and the end of the free bulky waste collection there would be a dramatic increase in fly tipping. Concerns were further raised that residents would be impacted by library closures but that the most painful cuts would be felt by the most vulnerable adults and children in the borough. Councillor Millson stated that the cuts represented the human cost of what he felt were the impossible promises of the Labour Administration.

Councillor Millson stated residents knew that the promises had led to the council's financial position but he reported that they could not comprehend why those at fault were still councillors and claiming allowances. He stressed that he felt that the only way those at fault would pay would be with the election of a Conservative Administration in 2022.

It was noted by **Councillor Campbell** that Croydon's social care spend was high in comparison to other boroughs and that the structural deficit had not been addressed in a timely manner which had led to significant overspends. Adequate tracking and monitoring of spend by officers and Members had not been in place which Councillor Campbell stressed was unacceptable. With those issues in mind, Councillor Campbell welcomed the appointment of Rachel Soni as the Interim Director of Commissioning & Procurement as she had a solid understanding of health and social care and her contribution to radical change was reported to be apparent.

Councillor Campbell stressed her commitment to meeting the needs of residents and ensuring that statutory duties of the council were delivered. The focus of the council, it was stated, was to ensure there was a budget in place which funded existing needs and to enable this to be met there would be a reduction in expenditure of 5% within adult social care.

Councillor Campbell concluded that the strength of the Plan would be the Administration's commitment to delivering it and effectively utilising scrutiny, monitoring facilities and challenge from the Improvement Board. She stressed she was confident the plan would be delivered and would be successful.

Councillor Perry stated that he felt that Labour in Croydon had squandered the future of the borough due to its incompetence and financial mismanagement which had seen debt rise to £1.5 billion. He used the analogy that the council had been playing a game of Monopoly by starting a company to build houses and investing in shopping centres and hotels.

Concerns were raised by Councillor Perry that the Plan represented the reduction of services which residents relied on and that the impact would be felt worst disproportionately by the most vulnerable residents in the borough. Councillor Perry noted that the use of the word 'renewal' represented a fresh start but that with 70% of the Cabinet remaining there would be no fresh start in his opinion.

Councillor Perry stated that he felt that the Plan constituted cuts rather than savings, with closures of libraries, HRRC's and cuts to social care budgets and voluntary sector budgets. Concerns were raised that the changes discussed at the meeting were only the start to changes that were to take place.

It was noted that the Leader had earlier highlighted that the council had a controllable budget of £300 million, which Councillor Perry argued that the Administration had demonstrated a lack of management of and continued to

be in denial as to the role they had played in the council's financial position. As such, Councillor Perry concluded that he felt that Labour were unable to deliver the renewal plan and that the Opposition would not support Labour's failure to deliver.

Councillor Young in seconding the motion to approve the recommendations highlighted the aspects of the Plan, including; the financial recovery plan, the submission to MHCLG for a capitalisation direction and an independently chaired Improvement Board which would provide assurances to all stakeholders that the changes required would be made. In light of what the Plan sought to achieve, Councillor Young questioned why the Opposition would speak against it.

Furthermore Councillor Young questioned why the Opposition spoke against a plan to address the council's financial shortcomings which had been highlighted in the RIPI. The report had criticised the resilience of the council and had raised concerns of the role of Members. Councillor Young stated that the council sought to draft a submission to MHCLG for a capitalisation direction to request the funding Croydon required to balance its budget, which the Opposition did not support.

Concerns were raised by Councillor Young that the Opposition had also spoken against the formation of an independently chaired Improvement Board. Councillor Young explained that this was integral to the delivery and success of the Plan. In response to concerns that the Administration was unable to deliver the Plan, Councillor Young stated that in his opinion no evidence had been provide to back up the claim.

Councillor Young concluded that he felt the Opposition should step up and support Croydon by supporting the Plan to enable the council to rectify the situation. Councillor Young called on all Members to support it no matter which Party they were from.

The motion to approve the recommendations as set out in the report was put to the vote and **carried**.

Strategic Review of Companies and other investment arrangements Brick by Brick Croydon Ltd ("BBB") Shareholder decision – Directors and articles of association

In moving the recommendations contained in the report, **Councillor Hamida Ali** noted that Council had met on 19 November 2020 to consider the response to the RIPI. At that meeting the auditor's had stressed that the issues contained within their report were systemic and included all Members of Council. Councillor Hamida Ali felt that the Opposition were choosing to distance themselves from taking part in the improvement journey.

Councillor Hamida Ali noted that the RIPI had raised concerns in relation to the council's wholly owned subsidies and recommended a review of the company structures to ensure the council was fully exercising its

responsibilities in the council's and public's interest. In response to this, Councillor Hamida Ali noted that a review had been commissioned from PwC and the report of that review was before Council for consideration. The review, had looked at each of the companies; Brick by Brick, the Growth Zone, Croydon Affordable Homes, the Revolving Investment Fund and the Asset Investment Fund; and recommended strengthening governance in all areas.

Councillor Hamida Ali noted that the recommendations before Council related to three areas; drawing up an action plan to respond to the recommendations, commissioning further work from PwC to inform the council of the options available to it in relation to Brick by Brick and asserting the council's role as sole shareholder by amending the Articles of Association to ensure it had access to information and Board vacancies were filled.

Councillor Hamida Ali informed council that the recommendations contained within the PwC report were accepted by the Administration and in response to the report an important action plan would be drawn up which would inform the council's Improvement Plan. This would form part of the submission to MHCLG for a capitalisation direction and any further recommendations from the additional work commissioned would inform future decisions which would protect the council's and public's investment.

Councillor Hamida Ali concluded that she hoped the Opposition would demonstrate commitment to corporate improvement and would support the recommendations contained within the report.

Councillor Avis seconded the recommendations and reserved her right to speak.

Councillor Bains stated that, in his opinion, everyone in Croydon considered the Labour Group to be a joke with investments in a hotel which had gone bankrupt and paying grants to controversial art projects. Councillor Bains stated that in his opinion the interview the Leader had given on BBC Radio London had been embarrassing and had shown that she was out of her depth.

It was stated, that in Councillor Bains opinion that the actions of the Labour Administration had been a tragedy of the largest proportions and that Brick by Brick had been the biggest scandal. Councillor Bains suggested Labour had deliberately created a private company so as to avoid public scrutiny. Furthermore, Councillor Bains accused the Chair of Scrutiny & Overview Committee of being more concerned in remaining in his role than ensuring effective scrutiny took place.

Concerns were raised by Councillor Bains that in addition to forming Brick by Brick the council had formed several sub-companies and charities which, he stated, had not undertaken any charitable work.

Councillor Bains concluded that he felt the Labour group had failed on every level and were more concerned with internal politics than improvement and suggested that they should all resign immediately for the future of Croydon.

Councillor Mohan questioned how the council had come into financial difficulty and suggested the reason was outdated left wing ideology. The Westfield project, which he stated was ready to be delivered in partnership with the private sector in 2014, had failed in his belief due to Labour being ideologically opposed to the scheme. This, he stated, had cost millions of pounds in lost council tax. The revenue it was stated would've helped the council's financial long term stability.

Councillor Mohan further stated that Brick by Brick had been set up due to, in his opinion, Labour being opposed to Right to Buy. Due to that opposition, Councillor Mohan suggested Labour had established a complex company which had significantly contributed to the council's financial position.

It was suggested by Councillor Mohan that Labour had always believed that taxpayers money was their own and that they could borrow and spend without consequences and that it was that mentality which had led to the current situation. Councillor Mohan concluded that the only option for Croydon was for the Administration to change following the Local Elections in 2022.

Due to technical difficulties Madam Mayor moved to the next speaker and called Councillor Canning to speak when he was able to access the meeting.

Concerns were raised by **Councillor Hale** that the PwC report detailed a wide range of governance by the council in its relationship with Brick by Brick and Croydon Affordable Homes. It was stated that there had been an absence of adequate financial systems and processes which meant that the accuracy of the Brick by Brick financial information could not be trusted. The council's relationship with Brick by Brick was typified with expired loans and money not being paid back by the company. Councillor Hale raised further concerns that it appeared that the directors of Brick by Brick were only now required to have a strong background in finance due to the mistakes that had already cost the council over £200 million.

Councillor Hale noted that the Opposition had been raising concerns in relation to Brick by Brick for a number of years and stated the Administration had only just begun to understand the issues. Concerns were raised by Councillor Hale, that much loved green spaces had been sold to the company for £1 and planning applications were fast tracked which had caused a lot of anger for residents. Furthermore, a £16 million loan to Brick by Brick to refurbish Fairfield Halls, when the budget for the works was £13 million, was noted by Councillor Hale. In light of the concerns raised Councillor Hale stressed that no further applications or developments should be started.

Councillor Hale stated that the councillors she felt were responsible had remained silent and had not publically apologised for letting down the people of Croydon and officers who were concerned about the future of their jobs. In

conclusion, Councillor Hale stressed that she no longer had any confidence in Labour to deliver; including the plans to rectify the situation.

Councillor Avis began by stating that she had not suggested that she regretted nothing, but that she had said she didn't regret criticising the Opposition or the government for the financial situation the council found itself in. In addition, Councillor Avis questioned Councillor Bains statement that charities had been set up but had not undertaken charitable work, when the council had sought to deliver truly affordable homes for those without. In response to Councillor Mohan's statement that Labour were ideologically driven when, in her opinion, the ideology would have been the government taking responsibility and building homes for the homeless.

Councillor Avis stated she was extremely proud of Croydon Affordable Homes and the LLPs which had been established with the intention to build homes as there were many without. It was quoted that 1010 children had been in emergency accommodation during the previous year and as such Councillor Avis stressed she would not apologise for building affordable homes. In response to claims that affordable homes had not been built Councillor Avis stated 86 homes had been built in the first tranche and in second tranche there would be 250 homes with a further 90 in the pipeline.

In conclusion, Councillor Avis stated that she regretted the financial position the council was in but asked Members to remember why the council had got into that position and their responsibility for the position also.

Councillor Canning noted that Brick by Brick had been established with the best of intentions, however the PwC report had found there was inadequate governance in place and the company had been allowed to underperform. It was stated by Councillor Canning that this had contributed to the council having to issue a Section 114 Notice with over £200 million loaned to the company. However Councillor Canning noted that the council should not forget that corporate debt was already around £1 billion in 2014 when the Labour Administration began.

It was recognised by Councillor Canning that the company had not built the number of new homes it was supposed to and the reason identified by PwC was that the land being built on was often unsuitable for development. It was stated by Councillor Canning that he could understand why some had described Brick by Brick as little more than a Ponzi scheme when taking into consideration the lack of interest being paid or any large payments to the council.

Despite those issues, Councillor Canning stated that the new leadership would look to rectify those mistakes and that began with agreeing the recommendations contained within the report. It was essential, Councillor Canning stressed, that there was robust financial oversight of the company and the proposed changes to the Board was one step towards better management of the company.

Councillor Canning welcomed that, whilst work continued on understanding the best value option in terms of the future of the company, development on new sites paused. Councillor Canning concluded that he was sure that all Members were keen to see the outcome of the PwC report in the New Year.

The motion to approve the recommendations as set out in the report was put to the vote and **carried**.

Developing Croydon's new Community Safety Strategy

Councillor Wood noted that a new Community Safety Strategy had been due to be considered by Council in autumn 2020, however the situation had changed dramatically since work began on the development of the strategy. The new strategy was to be underpinned by the council's public health approach to tackling violence. Effective engagement with residents and those who had experienced violence had been agreed by the Safer Croydon Partnership in January 2020 and had been discussed at scrutiny in February 2020.

However, with the advent of covid-19 Councillor Wood stated it had been sensible to rethink the development of the strategy and as such, Council were informed that a new strategy would be brought for approval in 2021. Councillor Wood stressed that whilst a new strategy had not been fully developed, work had continued to keep communities safe. Funding had been secured from Mayor's Office of Policing and Crime (MOPAC) for the Violence Reduction Network in 2021/22 and a further £370,000 had been invested by MOPAC into the Family Justice Centre.

Furthermore, Councillor Wood noted that it had been important to reconsider the strategy in light of issues which had come to the forefront due to lockdown; such as a rise in domestic violence within the borough. Additionally, increased levels of disputes between neighbours had been seen and these changes would inform the new strategy.

Councillor Wood concluded that whilst the new strategy was being developed data would be collected to ensure the council could protect its community. The new strategy, it was stated, would be agile and fit for purpose following development with all stakeholders.

Councillor Patsy Cummings seconded the recommendations and reserved her right to speak.

Councillor Stranack noted that much of the meeting had focussed on challenges facing the town's finances but that the report, he felt, highlighted Labour's policy failings also. Since Labour took control in 2014, Councillor Stranack reported crime levels had been on the increase which was in stark contrast the decreasing levels before that. Violent crimes had risen by 64%, vehicle crime had increased by 42% and public order offences had risen by 135%.

Two strategies had been produced by Labour and Councillor Stranack noted that the key aim of the strategy had been how the council alongside key stakeholders would reduce crime. In light of the figures Councillor Stranack had reported he stated that it was clear that the strategies had failed. In addition to increasing levels of crime, Councillor Stranack stated residents felt less safe.

It was noted that the council had a statutory responsibility to publish a strategy. In Councillor Stranack's opinion, the council had a problem as a new strategy would highlight the failure of the previous strategy to tackle crime in Croydon. Concerns were raised by the councillor that the report stated a new strategy would not be published until 2022 and that until that time a failed strategy would be extended. Councillor Stranack highlighted Section Six of the Crime and Disorder Act 1998 which required authorities to formulate and implement a strategy for the reduction of crime and stated that he felt that by extending the current strategy the council would be breaking the law in relation to its statutory duties.

It was noted by **Councillor Bennett** that the paper presented to Cabinet in October 2020 was when Councillor Hamida Ali had been the responsible Cabinet Member and was 155 pages long. Concerns were raised that the 2017-2020 Strategy had been a poor copy and paste job of the 2014-17 Strategy and was awash with acronyms, flowcharts and spreadsheets.

Councillor Bennett noted the strategy was written to address the issue of crime within the borough but stated that the report included appalling figures. Councillor Bennett stated that the strategy represented real people impacted by crime in the borough.

Concerns were raised that the preamble in the strategy claimed that good progress had been made while on page 5 of the strategy it states that Croydon had the highest number of rapes in London. Furthermore, Councillor Bennett stated Croydon was ranked first for violent crime, sexual abuse and domestic violence in crime. She questioned where the strategy was for supporting those female victims of domestic and sexual abuse, especially considering many of those victims would have been locked down with their abuser during the pandemic. Councillor Bennett called on Councillor Hamida Ali to step up and ensure a new strategy was developed rather than blame the pandemic for not undertaking the required community consultation. It was in Councillor Bennett's opinion unacceptable to vote for the recommendation to extend the strategy.

Councillor Ben-Hassel stated she was surprised that the Opposition were opposed to the practical approach which had been proposed which would enable the development of the right Community Safety Strategy which residents deserve. Councillor Ben-Hassel recalled that a scrutiny meeting which both Councillor Stranack and Councillor Ward attended where the merits of extending the strategy were discussed by the Cabinet Member and officers. It was noted at the meeting that partners had signalled a desire to

play a greater part in co-designing the strategy; which the council had listened to.

Councillor Ben-Hassel explained that a carefully planned extensive consultation and engagement process to co-design the strategy had been disrupted by covid-19. As such, the decision had been made to delay the consultation to enable all stakeholder to participate. It was her view the right decision, especially in light of the change in patterns of crime as a result of the pandemic.

It was recognised that Croydon was lucky to have a well-functioning Family Justice Centre and excellent projects which worked alongside the Centre. The Centre, it was noted, had extended its hours in response to increasing levels of need. This change in crime meant it was right, in Councillor Ben-Hassel view, to pause the development of a new strategy to allow officers to analyse the findings of how covid-19 was impacting crime and to ensure those findings informed the new strategy.

Whilst Councillor Ben-Hassel stated she hoped Opposition colleagues would continue to challenge the Administration, she felt that voting against a common sense approach which enabled the council to fulfil its statutory duty was incorrect. The councillor called on Opposition Members to use their influence on the Government to lobby for Croydon and to raise awareness of the worrying fall in domestic violence prosecutions. In conclusion, Councillor Ben-Hassel encourage Opposition Members to continue to engage on a cross party basis, including scrutiny, which would enable them to take part in the shaping of Croydon's new Community Safety Strategy.

It was noted by **Councillor Ward** that the strategy was an important one as violence could have very large impacts on people's lives and effective action was required. Councillor Ward stated the public health approach to violent crime was a good one which was science based policies and interventions backed by research. Good data was required to have an understanding on the problem and Councillor Ward stated that there was good data within the proposed extended strategy but that he had concerned that there was too much focus on data and not enough on action.

Councillor Ward stressed that the public health approach was centred on action, making interventions, measuring performance and trialling options to see if they made a difference and stopping those which didn't work. It was that approach, Councillor Ward stated was what was missing from the report as he felt that after three years there was little evidence of the public health approach having been applied. He saw little quantitative data on what was and wasn't working but rather, he stated, pages on priorities and intentions only.

To that end, it was stated by Councillor Ward, that the council's performance and project management was just as bad as its financial management. He suggested that of all the targets which had been set, all but three, the council had failed to meet. Whilst he reiterated that the report was an important one

he stressed that he was not confident of Labour being in charge and delivering the strategy.

Councillor Patsy Cummings noted that on 30 October 2017 she had made her maiden speech to Council and that on the day before Aren Mali was killed yards away from the Town Hall. During her maiden speech she recalled that she had walked over to Councillor Jason Cummings and urged him and his colleagues to put aside politics and to work on a cross-party basis to ensure such a tragedy no longer happened. It was recognised that since Aren's death other sons and daughters had been lost but stressed that things were changing in Croydon.

Thanks to the public health approach, Councillor Cummings stated that partners were determined to ensure change took place for the young people in the borough. Councillor Cummings stated the strategy was proposed to be extended due to the pandemic which could not have been predicted. It was stressed by the councillor that the community did not want to hear of Councillor's arguing about dates because what was important was the lives of young people in the borough.

It was noted that the previous day the Metropolitan Police Commissioner (Dame Cressida Dick DBE QPM) had acknowledged that higher proportion of black men were stopped but had stressed that no one had been targeted due to their skin colour. Councillor Cummings stated that in Croydon the police were working with all partners as the disproportionality was recognised. The answer, it was stated, was not to deny the issue but to build community trust and relationships and that work had been recognised by the Deputy Mayor of Policing and Crime (Sophie Linden). It was noted that working with community leaders had been integral to helping families and young people to change their lives. Training for new young police officers including working with community leaders and young black boys was noted by the councillor as being a means to ensure that they could police by consent.

Councillor Cummings concluded that despite the challenges faced in Croydon the Administration was listening to its communities and working with partners and the community to make Croydon safe.

The Council Solicitor was asked to speak in relation to concerns raised by councillors as to the legality of extending the strategy. Councillor's attention was drawn to the Legal Considerations at section 7 of the report which set out the legal framework and the Constitutional framework.

Councillor Stranack made a Point of Order and requested clarification as to whether extending the strategy fulfilled the statutory responsibility to ensure there was a Community Safety Strategy in place. In response, the Council Solicitor confirmed that she would write to the councillor with further detail.

The motion to approve the recommendations as set out in the report was put to the vote and **carried**.

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145/20 **Exclusion of the Press and Public**

This item was not required.

The meeting ended at 10.06 pm

Signed:

Date:

Council

Meeting held on Tuesday, 1 December 2020 at 6.30 pm.
This meeting was held remotely; to view the meeting, please click [here](#).

MINUTES

Present: Councillor Maddie Henson (Chair);
Councillor Sherwan Chowdhury (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, Luke Clancy, Chris Clark, Pat Clouder, Stuart Collins, Mary Croos, Jason Cummings, Patsy Cummings, Mario Creatura, Nina Degrad, Jerry Fitzpatrick, Sean Fitzsimons, Alisa Flemming, Felicity Flynn, Clive Fraser, Maria Gatland, Lynne Hale, Patricia Hay-Justice, Simon Hoar, Steve Hollands, Yvette Hopley, Karen Jewitt, Humayun Kabir, Bernadette Khan, Shafi Khan, Stuart King, Oliver Lewis, Stephen Mann, Stuart Millson, Vidhi Mohan, Michael Neal, Tony Newman, Steve O'Connell, 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, Callton Young and Caragh Skipper

Apologies: Councillors Simon Hall and Toni Letts

PART A

146/20 **Disclosure of Interests**

There were none.

147/20 **Urgent Business (if any)**

There were no items of urgent business.

148/20 **Section 114 Report and Amendments to the General Fund Budget**

Lisa Taylor, Director of Finance, Investment Risk and Section 151 Officer, introduced the [Presentation](#) which detailed the response to the Section 114 (S114) Notice and Amendments to the General Fund Budget [Report](#).

Madame Mayor opened the 30 minute session for Members to ask the Director of Finance, Investment Risk and Section 151 Officer questions of a factual nature concerning information contained within the report.

Councillor Jason Cummings asked if there was any reference in the S114 notice to the fact that the budget development meetings were failing to deliver

the necessary savings proposals and options to reduce growth. He asked if this was one of the reasons the notice had to be issued, who was chairing those meetings and if any minutes to those meetings were available.

In response, the Director of Finance, Investment Risk and Section 151 Officer stated that the budget development meetings were set-up for each individual department to present options to a range of members and officers. The Leader of the Council generally chaired those meetings and notes were taken which detailed the actions of the meetings. The meetings were honest and open forums which allowed for discussion on what budgets were needed for next year to deliver services safely.

In his supplementary question, Councillor Jason Cummings asked if the meeting notes would be made publically available so people were able to oversee the process described. He noted that the honesty in those meetings seemed to have generated requests for additional funding, instead of savings proposals. In response, the Director of Finance, Investment Risk and Section 151 Officer stated that growth was not a surprise and the budget process included rightsizing in some areas. She confirmed that the notes of the budget development meetings would be made available.

Councillor Clive Fraser asked what the total level of savings were expected to be in the current financial year 2020/21 and how that compared to previous years.

In response, the Director of Finance, Investment Risk and Section 151 Officer stated that when the budget was agreed at the beginning of the year, an ambitious savings target of over £40 million was set. They were now expecting to deliver around £24 million.

In his supplementary question, Councillor Clive Fraser asked if the council was on track to achieve those savings and how progress was being monitored. In response, the Director of Finance, Investment Risk and Section 151 Officer stated that they were on target to deliver the £24 million of savings and they were monitoring their financial performance and risk based areas on a monthly basis. Part of the work of the Finance Review Panel (FRP) was to monitor in-year savings and there were dedicated officers who tracked performance and reported to the Executive Leadership Team (ELT). Additionally, going forward, Cabinet would receive quarterly financial reports.

Councillor Robert Ward said that the Brick by Brick Annual Report 2019 stated that Croydon Council had provided a letter of support to confirm they would continue to finance Brick by Brick until June 2022. He asked if there was a reason that this letter was not available and who signed that letter. Councillor Robert Ward said that he had asked for the letter in the past, without success, and was told there was no knowledge of who signed the letter.

In response, the Director of Finance, Investment Risk and Section 151 Officer stated that the letter of support for Brick by Brick had not yet been signed for

the last completed financial year 2019/20. This was due to the council undertaking the Strategic Review of Companies.

In response to Councillor Robert Ward's supplementary question asking if the letter was signed on a yearly basis, the Director of Finance, Investment Risk and Section 151 Officer confirmed the letter was signed on a yearly basis and she would ensure a copy of the previous years signed letter was made available to him.

Councillor Robert Canning asked what the forecast was for council's reserves over the period covered by the Medium Term Financial Strategy (MTFS) and what levels would be appropriate for a local authority of a similar size and attributes of Croydon Council. Councillor Robert Canning noted that council's reserves were unacceptably low to the point they were not able to use them through the current budget challenges.

In response, the Director of Finance, Investment Risk and Section 151 Officer stated that Croydon Council's reserves were low for its size. There was currently unaudited general fund reserves because the audit is underway of £7 million.

When the budget was set this year for 2021-22, there was an allocation of £5 million to go into the reserves, which would set the council at £12 million at the end of the financial year. That £5 million contribution would continue to the next year, and then add a further £5 million, therefore by the end of next year there would be £22 million in the reserves. £10 million would continue to be added each year through the MTFS. The Director of Finance, Investment Risk and Section 151 Officer said that Croydon Council should be aiming for £50 million of reserves but the appropriate amount would vary depending on how much risk it was facing.

Councillor Oni Oviri stated that in July 2020 there was a report to Cabinet which stated that the net interest earned in 2019-20 from Brick by Brick loans was £9.5 million and that the S114 notice referenced the Strategic Review of Companies highlighting the increased risk on those loans. Councillor Oni Oviri asked the Director of Finance, Investment Risk and Section 151 Officer if she was concerned about how those loans and profits were being presented at that time, and if she did, were they listened to.

In response, the Director of Finance, Investment Risk and Section 151 Officer stated that the council was expecting to receive interest from Brick by Brick in July 2020, who were still completing their audit accounts for 2019-20 and reassured the council there would be payment of that level of interest. Following the work of the Strategic Review of Companies, it looked more unlikely those interest amounts would be paid. In July 2020, there was no reason to believe there would not be payment.

In her supplementary question, Councillor Oni Oviri asked if the Director of Finance, Investment Risk and Section 151 Officer would describe the loan structure of rolling interest into the loan, rather than being paid as it went

along, as a more risky structure to have adopted. In response, the Director of Finance, Investment Risk and Section 151 Officer stated that the adopted approach was decided when the company was established and written within the loan agreement. Each site adopted their own loan agreement. She stated that Brick by Brick could not pay back money until they returned a profit, so there would be a lag between selling properties to generate profit and to repay the interest to the council.

Councillor Jerry Fitzpatrick asked the Director of Finance, Investment Risk and Section 151 Officer if she thought £50 million was a prudent level of reserves the council should aim to and if that figure had been discussed with auditors.

In response, the Director of Finance, Investment Risk and Section 151 Officer confirmed the figure had not expressly been discussed with auditors. She said it was her decision as to what level of reserves the council should hold and a proper assessment would be undertaken and brought back as part of the action plan to the Report in the Public Interest (RIPI).

Councillor Ian Parker asked what the significance of the letter from Chartered Institute of Public Finance and Accountancy (CIPFA) the Chief Executive Officer (CEO) of Croydon Council dated 6 November 2020 was in triggering the issuing of the S114 notice. He highlighted the notice was not primarily issued on the basis of the council's response to the pandemic.

In response, the Director of Finance, Investment Risk and Section 151 Officer stated that the council was in conversation with CIPFA and the Ministry of Housing, Communities and Local Government's (MHCLG) throughout the summer about the council's financial position. At the start of the pandemic, there were amendments to the S114 notice guidance relating to the budgetary threshold to issue a notice in light of the pandemic. Following a conversation with the CEO of CIPFA, the letter to the council stated that if the overspends were not all related to Covid, a S114 notice should be issued, which was the latest amendment to the guidance. The initial amendment was not Covid specific, however the second update the guidance and the confirmation in the letter meant that it was the right time to issue the notice. There were also discussions in the FRP, the independent panel advising the council, which lead to this outcome.

In his supplementary question, Councillor Ian Parker asked if the Director of Finance, Investment Risk and Section 151 Officer thought the notice should have been issued sooner. In response, she disagreed and stated that until the point of issue, the council was still following the initially revised guidance from CIPFA and MHCLG. The published notice listed the reasons why that was the appropriate time to issue the S114 notice.

Councillor Joy Prince asked, in reference to the Children, Families and Education Growth Request column on Table 2 draft 2021/24 budget, Page 11 of the supplementary agenda, if £85,000 was a realistic growth increase for year 2022/23 following an almost £25 million growth increase the year before.

In response, the Director of Finance, Investment Risk and Section 151 Officer stated that in the first year of the MTFs, 2021/22, the council would identify all of the needs of the organisation. In particular, the Children's department would ensure they had the right size budget for the year so they could deliver within that budget and not be in a position of a yearly overspend. Going forward and beyond 2021/22, the department would continue to implement strategies and ensure they had the right children in care and the department would not need substantial growth because it would have been rightsized.

Councillor Richard Chatterjee noted that the S114 notice detailed £5.6 million of transformation funding from 2019-20 as a risk and asked how this was included in the accounts if that figure was in that way questionable.

In response, the Director of Finance, Investment Risk and Section 151 Officer stated that the council could use its capital receipts to fund transformation and in 2019-20 there were a number of projects that were being delivered funded from transformation. These projects were included in the 2019-20 accounts. An audit was currently being undertaken by Grant Thornton to review all of the transformation funding. She stated there was an earlier indication of concerns around the £5.6 million in question, which were not yet confirmed.

In his supplementary question, Councillor Richard Chatterjee asked the Director of Finance, Investment Risk and Section 151 Officer if she felt comfortable in how the transformation budget was used. He noted there was a report into the use of the funding which had not yet been received. In response, the Director of Finance, Investment Risk and Section 151 Officer stated that in 2019-20, it was believed the council was using the capital receipts for transformation funding correctly. One of the recommendations agreed from the RIPI was to undertake a review into the use of transformation funding.

Councillor Paul Scott asked the Director of Finance, Investment Risk and Section 151 Officer what she thought the capacity was for Brick by Brick to repay only the development loans and dividends owed within this financial year 2020-21, and moving forward within the period of the MTFs. He noted that she was a director at Brick by Brick for three years and was currently one of the senior council contacts with the company.

In response, the Director of Finance, Investment Risk and Section 151 Officer stated that she could not fully answer the question because the Brick by Brick accounts were still being finalised. At the moment, the council was still working with Brick by Brick and hoped they could repay.

In his supplementary question, Councillor Paul Scott asked if members could be kept informed of the review as it progressed, be made aware of new schemes coming forward, the profit from those and if Brick by Brick would be able to contribute as they intended. The Director of Finance, Investment Risk and Section 151 Officer agreed to those requests.

Councillor Jason Cummings asked if the pace of spending restraint and delivery of savings was now sufficient, as the 21 days since issuing the S114 Notice had passed.

In response, the Director of Finance, Investment Risk and Section 151 Officer stated they were seeing a change in spending behaviour across the organisation and the Spending Control Panel (SCP) had installed rigor to day-to-day spending processes. In the past four weeks the SCP approved £7 million of spending and in the past 21 days declined £5 million. There was good evidence that the organisation was taking the constraints seriously and reducing spending.

In his supplementary question, Councillor Jason Cummings asked if and when the next S114 notice would be issued given they were at the end of the 21 day period since the first notice was issued. In response, the Director of Finance, Investment Risk and Section 151 Officer stated that the council was currently in a position where it was unable to deliver a balanced budget and the current Section 114 notice would expire at the end of the day. Therefore, a new notice would be issued tomorrow which would run for a further 21 day period. If the budget was unable to be balance following that, another Extraordinary meeting of the Council would need to be convened by the end of that 21 day period. Following that meeting, it was possible for a third notice to be issued if required; S114 notices would be issued until a balanced budget was achieved. In order to deliver a balanced budget, the council needed the MHCLG capitalisation direction and they were working with officers from the MHCLG to move that process as quickly as possible.

Councillor Jamie Audsley asked the Director of Finance, Investment Risk and Section 151 Officer to define the MTFs for the benefit of the public listening, the definition of a S114 notice in the context of bankruptcy and what budgetary growth meant in the context of Croydon during times of cuts.

In response, the Director of Finance, Investment Risk and Section 151 Officer firstly stated that the MTFs planned budgets as a rolling strategy coving three year periods, in this case year one set at 2021-22. Each year, a new strategy would be brought with an added year, as the current year passed. Secondly, she responded that there were a number of reasons for growth, for example demographic, an increasing number of properties in the borough, contract inflation, pay inflation and rising need and demand or of, for, or? certain characteristics.

In his supplementary question, Councillor Jamie Audsley asked what proportion of the £114 million of growth in the MTFs period would be rightsizing, to explain rightsizing of council budgets and what proportion was allocated to future growth in demand for services as a result of population and economic factors. In response, the Director of Finance, Investment Risk and Section 151 Officer said that rightsizing the budget was to make sure the correct budget was allocated each year going forward, which explained initial large growth for services such as Children's. The growth in the MTFs just for departments was £68 million, then a further £10 million for corporate budgets

was related to pay and contract inflation. Within departments, there was a mixture of demographic growth, contract growth and rightsizing of budgets. A large proportion in year 2021-22 was about rightsizing the budget and reducing any currently forecasted future overspend. In response to Councillor Jamie Audsley, the Director of Finance, Investment Risk and Section 151 Officer agreed that some of the forecasted growth could be attributed to Croydon's population, the wider economy changing and rightsizing budgets.

Councillor Robert Ward asked if the financial tracker and dashboard, which provided clear and monthly updates to the FRP, could be made available. He noted that he had previously asked for this.

In response, the Director of Finance, Investment Risk and Section 151 Officer stated that the FRP reviewed the council's in-year and annual savings each month. Jacqueline Harris Baker, Executive Director of Resources and Monitoring Officer, confirmed that they were able to share the documents as requested by Councillor Robert Ward.

Councillor Shafi Khan asked which year the highest level of general fund reserve was recorded in the past decade.

In response, the Director of Finance, Investment Risk and Section 151 Officer stated that she would provide this information to all Members after the meeting as that information was readily available.

Madame Mayor opened the 30 minute session for Members questions to the Leader and Cabinet Members.

Councillor Simon Brew asked Councillor Muhammad Ali how the plans to shut down one or more of the three recycling centres in Croydon would affect the cleanliness of the borough, namely the risks of fly tipping.

In response, Councillor Muhammad Ali stated that the council was responding to a difficult financial challenge where all options had to be considered. All of the proposals had been presented at Cabinet previously, which were out for consultation, and the final decisions would be made entirely in the view to optimise the outcomes of those decisions. In terms of recycling, Croydon recycled above the national average, at 49.22%, and was amongst the top five boroughs in London. Local authorities were only legally required to provide one recycling centre, understandably, boroughs may need more than one and the decision on which to close was being considered.

In his supplementary question, Councillor Simon Brew stated that Croydon's fly tipping rates were the worst in London and by shutting the recycling centres, the council was condemning residents to the further mess. Labour had bankrupted Croydon which would be even more evident following this decision. He asked Councillor Muhammad Ali to apologise for the Administration's failure to govern responsibly. In response, Councillor Muhammad Ali highlighted that it was a myth that the cohort of residents who would recycle at the local recycling centre would instead fly tip, backed by

statistical evidence, and it was actually only a small minority of residents who were not disposing of waste responsibly. Councillor Muhammad Ali stated that whilst he did take responsibility to provide residents with the right resources and infrastructure, he would not apologise on behalf of people who did not dispose of their waste responsibly.

In a point of clarification, Councillor Muhammad Ali stated that Councillor Brew was factually incorrect in his allegation that Croydon experienced the worst rates of fly tipping in London. According to Local Government Organisation (LGA) data from 2018/19, there were seven worse boroughs in London which were all smaller in size to Croydon. A smaller borough would experience a decreased complexity of the problem. He stated that any claims should be of a factual nature and councillors should not spread negative misinformation. Councillor Muhammad Ali thanked the residents of Croydon for helping the borough achieve higher levels of recycling.

Councillor Robert Canning stated that the LGA had launched an investigation into whether any disciplinary action should be taken against any individual over the council's financial failings. He asked the Leader what the timetable and terms of reference would be for this investigation.

In response, the Leader stated that it was noted in a previous Extraordinary meeting of the Council on the RIPI, that an initial investigation undertaken by the LGA would be commissioned. Work started on 23 November 2020 with a completion period of the end of December 2020 or January 2021. Staff and councillors were invited to participate and the terms of reference for the investigation was available, which highlighted two important outcomes as a result of the investigation. Firstly, to form an understanding of how and why the council arrived in the situation, and secondly, to demonstrate the seriousness of the council's intent to establish a new organisational culture which held learning and accountability at its heart. The outcomes were not based around the disciplinary action itself, but to arrive at the two important outcomes.

In his supplementary question, Councillor Robert Canning asked how the investigation would deal with officers who had left the council and what scope there was to take appropriate action against any individual should the investigation find evidence of mismanagement or misconduct.

In response, the Leader stated that the investigation was not a disciplinary process and the acting CEO would be in a position to consider if formal proceedings were necessary relating to existing members of staff, which would be informed by the investigation and would not automatically trigger proceedings.

Councillor Steve Hollands stated that as a result of the failing Labour Administration bankrupting the borough, it had been announced there would be a number of library closures. Libraries were a vital component of local communities; the elderly and those without access to computers relied on libraries to access digital services, younger people who do not have the space

or resources at home to study used libraries and those who were lonely or isolated used the library facilities to socialise. He asked if Councillor Oliver Lewis would apologise for his role in approving the financial policies which had destroyed the borough.

In response, Councillor Oliver Lewis stated that they would be consulting on the closure of five libraries in the borough, advised by an Equalities Impact Assessment, which were at risk. Cabinet Members had accepted their share of responsibility of the council's situation and apologised to the residents of Croydon. He added that it was important for the Opposition to accept their responsibility of their government's actions in specifically underfunding Croydon Council over many years and the 10 years of austerity.

In his supplementary, Councillor Steve Hollands responded that in the last six years of Labour control, the Opposition was clear to raise all of the areas they had grave concerns over, including Brick by Brick and annual budgets. Historically these concerns had all been dismissed by the former Leader and Cabinet Members. The decisions made were the Administration's choices and they should accept responsibility.

In response, Councillor Lewis stated that the Administration did take responsibility for their decisions and the Opposition should also take their share of responsibility because they voted in favour of the budget recommendations over the years.

Councillor Joy Prince stated that given departmental overspends in past years, what were the council's plans to develop a strategy to manage adult social care costs.

In response, Councillor Janet Campbell stated that she had spoken about the journey of Adult Social Care since 2014 and issues of inconsistent funding, temporary fixes and broken promises. The auditor had given adult social care time to implement the cost cutting strategies and to address the overspend using the calculation of the adult social care budget reached by the council with the assistance from the LGA. The strategy would involve replacement programmes of self-help advice services and a review of contractual arrangements.

Councillor Michael Neal stated that the Opposition and residents had warned the Administration that Brick by Brick was failing for a number of years. He stated these actions gambled the lives of residents and asked the Leader why the Administration ignored the warnings.

In response, the Leader stated that the original business case for Brick by Brick was to contribute in providing genuinely affordable housing in the borough, which there was great need for. Following the RIPI, the Strategic Review of Companies was commissioned to set the situation right and strengthen governance of the council as the sole shareholder and funder of Brick by Brick and to protect the public money invested.

In his supplementary, Councillor Michael Neal stated that an external report was not required to detect the obvious problems. The Administration had built over precious green spaces which were sold to Brick by Brick for as little as £1. He asked if the Leader would issue a public apology to residents for setting up the company.

In response, the Leader stated that the RIPI highlighted challenges across the organisation and the Councillors across the chamber. There was work ahead for stakeholders to respond to the challenges and focus on addressing the issues raised. The Strategic Review of Companies had been commissioned, reported at the last Cabinet meeting, which demonstrated the progress made in asserting the council's role as the sole shareholder and funder of Brick by Brick and ensuring the strengthening of governance. Additionally, the Administration had taken their share of responsibility for the issues raised in the auditor's report.

Councillor Chris Clark on behalf of **Councillor Stephen Mann**, asked Councillor Stuart King how much in-year savings had been achieved by discontinuing the community ward budget payments.

In response, Councillor Stuart King stated the saving amounted to approximately £486,000, which was a significant figure, and acknowledged this decision would affect all members and their disappointment being unable to support projects in their ward. However, this decision did represent the Administration's willingness to take unpopular decisions if they thought they were right and necessary.

In his supplementary question, Councillor Chris Clark acknowledged that the decision must have been difficult and asked if there was a possibility they would be reinstated in the future.

In response, Councillor Stuart King said that it would be unwise to plan to resume community ward budgets. He recognised the community budgets were well regarded by members and when the council reached a point it was able to deliver a balanced budget, only then it would be a more appropriate time to revisit.

Councillor Helen Pollard stated that the reason most councillors wanted to join the Council was to help residents across Croydon, particularly the most vulnerable. The community ward budgets were vital to that work and projects using that money funded to support the elderly, families in poverty, disadvantaged younger people and residents with illnesses. As a result of the Administration bankrupting the council, those projects were now scrapped and support to those residents would be lost. She asked what message the Administration had for those people negatively affected by the financial incompetence and squandering of the council's funds on ill-judged property speculation.

In response, Councillor Stuart King stated he had two messages, firstly that the council had accepted that it must live within its means and balance the

budget, whilst ensuring value for money of services to residents. This meant looking at statutory obligations around service delivery and community ward budgets did not fall within that category, but he understood the disappointment for Members. Secondly, he accepted his share of responsibilities for decisions that had been taken. Councillor Stuart King made reference to the speech Councillor Helen Pollard had made earlier in 2020 on budget setting and her support for additional spending on the Growth Zone. He asked Councillor Helen Pollard whether she felt any responsibility and if she stood by the sentiments of that speech, or with the benefit of hindsight that was ill advised.

In response, Councillor Helen Pollard stated that she did support investment for the Growth Zone, however, she was unaware at the time that the Administration had bankrupted the council. She stated that the Opposition acted responsibly by questioning the decisions surrounding Brick by Brick and investing into monopoly type schemes, which were ignored by the Administration at the time.

In her supplementary question, Councillor Helen Pollard asked why the new Leader, who was a Cabinet Member preceding that, was misleading residents by saying services would still be there when that was not the message from Councillor Stuart King.

In response, Councillor Stuart King stated that the council would continue providing services to residents. The staff of the council continued to provide vital services and millions of pounds continued to be spent on statutory services. He stated that it was fundamentally wrong to scare residents who would be concerned about the suggestions from the Opposition that the council would no longer be in a position to support vulnerable people.

Councillor Shafi Khan stated that it was clear from the numerous briefings from the Director of Finance, Investment Risk and Section 151 Officer that until the council's expenditure exceeded the resources, the budget would remain unbalanced and S114 notices would continue to be issued. He stated that it was also clear that the council required financial support from MHCLG to recover the budget. He asked the Leader when the council expected to receive a decision from MHCLG on the request for a capitalisation direction.

In response, the Leader stated that she previously reported to Council that a non-statutory rapid review team had been commissioned by the government to advise the Secretary of State on the council's request for a capitalisation direction, which would bring stability to the immediate financial position. That team's work was complete and they were expecting a response from the Secretary of State imminently. The MHCLG were aware of the situation and the reasons for issuing a second S114 notice, but the council understood that Ministers needed time to review the request and advice to inform a decision.

Councillor Margaret Bird stated that the Department for Environment, Food and Rural Affairs (DEFRA) granted the council funding for work on protecting areas of the borough in danger of flooding. As a result of the Administration

bankrupting the council, the urgent works had been cancelled which meant areas were left at serious risk. She asked if Councillor Muhammed Ali could guarantee the funds granted from DEFRA would be spent on protecting Croydon from flooding.

In response, Councillor Muhammad Ali stated that the council had received funds from various organisations for flood alleviation, including DEFRA, where there were a couple of schemes in the pipeline due to start on site. However, those funds were not ring-fenced and due to the Spending Control Panel they had to submit the business case of those projects to release those funds in order to begin the schemes. Until then the council would continue to respond to emergency flooding scenarios across the borough, which was a core activity the council had already committed funding.

In her supplementary, Councillor Margaret Bird stated that the Environmental Agency provided funds to the council to make a start on that work, because they needed to start in Surrey, which had put a huge strain on the local roads and community as it was unknown when a serious flooding event would strike. Councillor Margaret Bird asked Councillor Muhammad Ali if he would apologise to residents for the risk of events, such as flooding, resulting from the Administration's poor financial choices.

In response, Councillor Muhammad Ali stated that the funds were being processed in the correct way through the SCP and committed to ensure the money would become available to the two schemes currently planned in Riddlesdown and Purley Oaks.

Madame Mayor invited the Leader to move the recommendations of the report.

Councillor Hamida Ali stated that it was under rare circumstances at which the Council was meeting and of a serious nature, the consideration of the Director of Finance, Investment Risk and Section 151 Officer decision to issue a Section 114 notice. The Administration wholly supported this decision and had been working resolutely to address the situation. It was understood that residents and staff were extremely concerned, however, the necessity of the S114 notice should be iterated as to protect the council's ability to continue to provide vital services.

In the last two weeks, the council had met to consider the response to the external auditor's RIPI and set out the range of improvements through the Croydon Renewal Plan. That work was inextricably linked to the S114 notice, regarding the discussions on the fundamental challenge and financial resilience. The council was in discussion with MHCLG for a capitalisation direction to stabilise the financial position, where the submission was being prepared, and the non-statutory Rapid Review Team would shortly advise the Secretary of State on the request. Continuing from the commitment and energy the council was applying to the recovery, financial assistance from the government would bring stability to the budget and enable the council to concentrate on the hard work ahead.

As things stood, the council was unable to balance the budget, and whilst additional savings had been brought forward, they were clearly not enough to address the scale of the current projected overspend. The likely outcome of this meeting would be that a further S114 notice would be issued and the recommendations of the report asked members to act in support of the set of savings identified and to recognise that the emergency conditions were likely to continue before the position could be stabilised.

The new Administration had set out the priorities for renewal of the council to live within its means, whilst providing the best quality core services for Croydon's communities and to tackle the inequality and poverty, which too many residents continued to face. The commitment to those priorities were at the heart of the values of the Administration and the drive in its work to resolve the financial situation. The Opposition had chosen to criticise the Administration seeking to take action and face up to its financial insecurity, over offering an alternative solution, and challenging every measure put forward. Previously, the Opposition would criticise spending on vital services, and now moved to questioning to seek any savings to bring spending back into line. The Opposition could not hold the two positions, both against the status quo and any work to address the situation.

Challenge to the council from external auditors was that collective responsibility be recognised in the situation and all stakeholders be charged with work going forward. In line with that, the recommendations would move the council closer to addressing the financial position for the residents of the borough and staff of the council.

Madame Mayor invited Councillor Stuart King to second the recommendations of the report.

Councillor Stuart King seconded the motion and reserved his right to speak.

Madame Mayor invited Councillor Jason Cumming to speak on the recommendations of the report.

Councillor Jason Cummings stated that the issuing of a S114 notice was a thankfully rare event, but the issuing of multiple S114 notices was unprecedented. The position of Croydon Council could justifiably be described as the worst ever local authority by reaching this stage. There was not yet a plan to balance the budget, therefore the Director of Finance, Investment Risk and Section 151 Officer was trapped into issuing a S114 notice every 21 calendar days until the government agreed to assist. The result of that assistance would be increased borrowing and interest payments which would negatively affect service provision for decades ahead, though this was the only way forward.

In the February 2020 meeting of the Cabinet, the Opposition suggested that the council was carrying too much risk and borrowing compared to its level of reserves. In response, the Administration accused the Opposition of

scaremongering and spoke that borrowing levels were prudent and well managed, their investments were producing significant income which would support frontline services and that transformation was reducing future demand. All of these assurances came to be false. He questioned how this situation happened and how a public body could act in this way. The former Leader, the former Cabinet Member for Finance & Resources and the former CEO was now unavailable to question, with the council officer receiving a huge pay-off soon before both Members departed the Labour leadership.

The issuing of the S114 notice was welcomed and was an important step in the difficult process of Croydon navigating its current predicament. It had drawn the closest scrutiny of the council and was helping cast a light in to some usually less visible areas. It was imperative that details on the situation of how this happened and who was responsible were revealed. There had been many apologies issued, however, the key to an apology was accepting personal responsibility before moving forward, and it was unacceptable that the Administration who were accountable for the destruction of the finances accuse the Opposition of being equally culpable. Simultaneously, the Administration would place blame on the national government.

The recommendations in the report in relation to the S114 notice were ones which the Opposition could support and it was refreshing to see the situation written more candidly than previously. One of the learnings from this process was to never trust a Labour administrations financial plans. The scale of the challenge facing the council was vast and unprecedented, but the political leadership were more interested in protecting the people who caused the situation rather than focussing on generating a solution before the issuing of the notice. The position Croydon now faced was a disaster and residents and staff would withstand the worst of the consequences; residents who would have their taxes hiked and services cut and employees of the council who had and would endure an incompetent and bullying Administration. The reputational damage to the borough would be substantial and Croydon would be synonymous with financial incompetence and failure.

Madame Mayor invited Councillor Scott Roche to speak on the recommendations of the report.

Councillor Scott Roche stated that cutting, reducing and merging was the theme the Administration had adopted towards the council providing services. He asked what the message from the Administration would be to residents relating to the council cutting services as a result of financial mismanagement. Residents were now faced with the Croydon Museum being closed for two years, reduced services being offered across the council until at least 2024 and that five libraries, nearly 50% in the borough, were under threat of closure. Families and elderly residents across the borough relied on their libraries and losing those community hubs would deprive some of the most vulnerable residents.

The Administration had ignored warnings from the Opposition. Last year, the Opposition came to sight of a confidential report which detailed libraries to be

considered for closure which, at the time, Councillor Oliver Lewis strongly denied. Councillor Oliver Lewis labelled the Conservative petition as a nonsense campaign to save libraries in Croydon and stated that there were no plans to redevelop or close any libraries in Croydon, additionally promising that investments would be made.

At the Cabinet meeting on 25 November 2020, the Administration announced that an unknown number of leisure centres would also be set to close, at a time when personal health and fitness was more important than ever. The planned cuts were a typical example of the Administration hitting frontline services instead of cutting waste. These cuts were only necessary because the council had to find huge cost savings to balance the budget and the deficit of an estimated £64 million, which had been created since Labour took control of the council in 2014. It was the most vulnerable and deprived in the community who would now pay the price for the Administrations incompetence.

Councillor Callton Young stated that he fully agreed with the S114 report and encouraged other Members to do the same. The financial crisis did not appear overnight and the report forecasted the council was on track to overspend in the region of £66 million in 2020-21, which was disappointing and a matter for concern. £36 million of this arose from the failure of Brick by Brick to pay interest and dividends to the council this year. The report focussed on the structural pressures in Children's Services and Adult Social Care, where the council had long wrestled with spending pressures in those portfolios. Croydon had an above average level of child and adult populations compared to other boroughs, despite receiving a below average level of local authority government funding per head.

The report presented in stark terms that the month six budget gap in Croydon was £26 million for Health, Wellbeing & Adults, £25 million for Children, Families & Education and £5 million for Unaccompanied Asylum Seeking Children. Those large sums would need to be covered and the budgets rightsized going forward.

The report set out the positive action that the council proposed to take as a consequence of the budget shortfall. This included a Strategic Review of Companies, budget development meetings and spending controls. However, despite best efforts, it was the Director of Finance, Investment Risk and Section 151 Officer's professional judgement that the council could not make the level of saving required to balance the budget without external support in the form of a capitalisation direction.

Councillor Callton Young said he hoped Members could support the report and Croydon could start the road to financial recovery, as set out in the Croydon Renewal Plan. He hoped members of the Opposition would support this plan, in absence of their own plan.

Councillor Yvette Hopley stated that the major cuts would have a heavy impact on the adult social care department. The Opposition, residents and

auditors warned the Administration to reform and they ignored those calls. The recommendations in the report set out the most damaging cuts to the most vulnerable in social care services of almost £10 million. Residents who were disabled, elderly or frail were in most need of the council's support, which would now be slashed as a result of the Administration bankrupting the council.

She asked how could the proposed 20% cutting of care packages be delivered safely to residents. Some residents were frightened and wondering how they would survive and had contacted Members saying they were more scared of the cuts to their services than contracting Covid. They had already seen the Disability Services disband savings of £4 million and a complete cut of the specialist employment support. Residents with autism and learning disabilities would suffer. Mental health services would be severely cut despite its importance in the midst of a pandemic. The Welfare Rights service had been deleted and the Contact Centre Support service had been reduced. Care beds for those who needed them most had been removed and contracts to the Neighbourhood Care Centres had also been cut, severing a vital care line. Nothing was safe under the Administration, all because of their dire decisions leading to this situation. The same members who caused this situation were still making the decisions and clearly did not think the elderly and disabled should be protected. This was a dreadful message for residents at this time of year and they deserved better.

Councillor Alisa Flemming stated that the Administration accepted the recommendations set out in the report in relation to the issuing of the S114 notice. Many of the residents and staff were worried and it was important that they were kept at the forefront of consideration when making decisions. Going forward in this situation, politicians had to ensure that their plans and focus was solely on the task of stabilising the council's finances in order to continue to support residents with a refreshed vision. The priorities were for the council to live within its means and to deliver the best quality services whilst tackling inequality at every level.

It was clear that without the approval of the capitalisation direction, the budget would remain unbalanced and S114 notices would continue to be issued. The current budget continued to have structural challenges. Adult's and children's social care services had experienced a number of issues over the years as the demand for services had significantly exceeded the budget provided. It was important to note that those departments had failed on occasion to deliver savings, which was now open to challenge.

Councillor Alisa Flemming stated that the council's work in children's social care was of upmost importance. She said that at the beginning of the year they had received a 'Good' Ofsted rating in terms of social work practice with children's and families and experience and progress of children who needed help and protection. The experiences and progress of children in care and care leavers required improvement to be 'Good', with the overall effectiveness being 'Good'. That work was only possible with the investment in social care services.

Councillor Tim Pollard stated that a difficult part of reading the RIPI was that the findings had all been flagged to the Administration and were known outside of the council leadership; back bench members, the opposition, trade unions, staff and local bloggers concerns were all ignored. Croydon's Labour group now had a lot to consider in how it functioned so wrong and failed to heed any of the dissenting voices.

In 2014, the new Labour Administration professed they would be the most open and transparent leading party yet quickly over the immediate months, outsiders increasing saw a rise in delegations, so decisions could be made less visibly. This was most blatant in the decisions to set-up Brick by Brick and its associated charities as an independent company which allowed it to subsequently evade scrutiny. Brick by Brick had failed on every metric. In 2018, the Opposition's election pledge was to close Brick by Brick and regrettably they were not given that opportunity.

The excessive use of delegations was illustrated in the purchase of the Croydon Park Hotel, whereby a decision notice of 24 hours was given. It was clearly a high risk move for the council to enter into a world where it had no expertise or credibility, which was reason enough to slow down its due diligence using expert advice and public oversight. The finances were made worse by setting naive social care budgets, which were hugely overspent every year, even after promises of improvement.

During the Leader's recent BBC London radio interview, she was repeatedly pressed on what she felt responsibility for in the council's financial catastrophe, which she was unable to answer – despite having being involved in all Cabinet decisions since 2014. He asked how could the council now place trust in her to fix the current situation.

At the start of the financial fall, the Administration had blamed Covid, however Covid was just the surface of the problems, later unveiling the true propensity of the council's situation. Councillor Tim Pollard stated that he agreed with the recommendations in the report and hoped the Administration would rethink its governance approach in the lead up to the 2022 local election, where the residents would be given the chance to vote for a Conservative administration.

Councillor Jerry Fitzpatrick stated that it was absolutely necessary that the Administration received and accepted strong criticism. This should apply to both political and officer level and those who had most share of responsibility had either resigned or departed from their roles. It was now time for collective responsibility to step up and focus on supporting constructive measures going forward.

The report from the Director of Finance, Investment Risk and Section 151 Officer deserved to be supported, even if there were not recommendations which could be achieved in 21 days. They would take a considerable period of time to be achieved and posed the seriousness of purpose of the

Administration. The main criticism from the auditors was that the council spending more than it received, not just Brick by Brick or the Croydon Park Hotel, but in areas of adult social care, children with special educational needs, gateway services and unaccompanied asylum seeking children. The overspend, and under forecast, was spent on the most vulnerable in the community and not wasted. In the Labour council control period, it was wrong to think that the Conservatives had been an effective Opposition.

After serving on the Labour Opposition bench for several years prior to this Administration, the Labour group opposed every Conservative measure whilst proposing alternatives. The Labour group did not add strain to the processes or glumly nod through budgets as the current Opposition had. The Opposition should take responsibility for never making any specific proposals.

The council had to live within its financial envelope, which was notably small. When the Conservatives came into power in 2006, they felt so strongly about how Croydon was underfunded, they launched a borough-wide campaign for fair government funding. The situation grew worse under the Conservative government, which they should take some responsibility. The Director of Finance, Investment Risk and Section 151 Officer had said earlier in the meeting that the general fund budget should sit at £50 million and in 2014 the Labour administration inherited £3.4 million, had the general fund been at a satisfactory level then, the council would not be in its current position. The focus now should be taking a constructive step forward and all Members should support the recommendations in the report.

Councillor Jason Perry thanked the Director of Finance, Investment Risk and Section 151 Officer, the Interim CEO and all council staff for their efforts in these difficult times with the issuing of what he said seemed to be the first of many S114 notices. It must be clear that the S114 notice was not Covid related and the financial problems of the council predated the pandemic and had been going wrong for years. If the issues were Covid related, the Section 151 Officer would not have been able to issue the notice under amended government guidance. This Extraordinary meeting of the Council was to discuss how the Administration had bankrupted the borough. The failed choices made by the Administration were clear with the known £1.5 billion debt, the £200 million and £50 million loans to Brick by Brick and reserves of a derisory £7 million. The missed opportunity that Westfield offered, with the increase in generated business rates and new jobs and homes in the borough, yet Administration members revert to blaming the government for 10 years of austerity.

Every local authority in the country faced challenges, yet Croydon was the only one bankrupted and in an unprecedented position repeatedly issuing S114 notices. Councillor Jason Perry stated that Cabinet Members had told the Opposition group to take responsibility, adding that they did when in office between 2006 and 2014 managing the council through the global financial crash and economic realities which followed. They delivered balanced budgets, even generating a £2.6 million surplus in 2014.

The Administration spent money on their political choices rather than increasing the reserves which they apologised for, for a short while, however had now resorted to blaming others. The Opposition always challenged their choices, whether that be Brick by Brick or the purchase of the Croydon Park Hotel, and the Administration repeatedly failed that challenge. In September 2020, an emergency budget was agreed and the Administration had already failed to meet that budget. The position worsened with the financial black hole increasing to £67 million. £37 million was a direct result from Brick by Brick failing to pay its interest or their projected dividends, dividends which Councillor Simon Hall, the former Cabinet Member for Finance & Resources, pledged would be paid.

The Administration lacked urgency, options and the ability to change. He stated that Councillor Paul Scott spoke earlier in the meeting to effectively support the failed developer Brick by Brick, which indicated he had learned nothing. The same group of Cabinet Members and Members which brought the council to bankruptcy and approved the decisions without question or challenge, were now being relied upon for answers and way out of the situation. The Administration had proved beyond reasonable doubt that they were not capable of running the borough and Croydon deserved better.

Councillor Stuart King stated that the Administration accepted the Director of Finance, Investment Risk and Section 151 Officer's S114 report and agreed to the views contained within it and the consequential actions proposed. Members would be aware that £24 million of savings were being delivered in the current budget year and a further £30 million was proposed for 2021-22. Despite that, the report clearly set out the council was not able to balance the budget until external financial support was received from MHCLG.

The new Leader and Interim CEO were doing everything possible to demonstrate to MHCLG that the right plans and people were in place to ensure Croydon could become an efficient, effective and financially sustainable organisation. The leadership had to demonstrate that they were willing to take the tough decisions necessary to show they were prepared to live within the council's means. Earlier in the meeting, Councillor Scott Roche asked what message the cuts gave to residents, and the answer was that the Administration was taking the actions necessary to balance the books and to live within its means. The Opposition could not both state the council was bankrupt and then object to the proposals to reduce spending to close the budget gap. It needed to be demonstrated to government that the council had a deliverable savings plan, which meant bringing savings forward containing inevitably unpopular but necessary decisions - no member was in favour of closing community facilities.

Ahead of the vote on the recommendations contained within the report, Madam Mayor advised Council that there were 38 Labour Members and 29 Conservative Members in attendance.

The recommendations, as set out in the report were put to the vote individually. All recommendations were agreed unanimously; with the

exception of recommendation 1.3 which was opposed by the Minority Group. Recommendation 1.3 was agreed by majority.

RESOLVED: Council **AGREED** to:

- 1.1 Accept the views contained in the Section 114 report issued by the Director of Finance, Investment and Risk, Section 151 Officer (Chief Financial Officer - CFO) on 11 November 2020 under Section 114 (3) of the Local Government Finance Act 1988 included at appendix 1 to the report;
- 1.2 Note the latest maximum forecast overspend for 2020/21 of £67m;
- 1.3 Agree the in-year savings of £0.5m detailed in paragraph 5 and Appendix 2 of the report;
- 1.4 Note that the Council cannot balance its budget in 2020/21 without external support and therefore continue to seek a capitalisation direction with the Ministry of Housing, Communities and Local Government;
- 1.5 Note that if the Council cannot balance the budget at the end of this 21 day period detailed in Section 114 (3) of the Local Government Finance Act 1988, then it will be necessary for the Director of Finance, Investment and Risk to issue a second Section 114 notice which will need to be responded to following a further statutory 21-day period, as detailed in the Act; and
- 1.6 Agree that irrespective of whether the Council's Chief Finance Officer issues a second "Section 114" report, the spending control panel in operation under the current Section 114 report shall continue in the manner detailed in this report until such time as the Council may later determine.

149/20 **Exclusion of the Press and Public**

This item was not required.

The meeting ended at 8.30 pm

Signed:

Date:

REPORT TO:	COUNCIL 8 MARCH 2021
SUBJECT:	SCHEME OF MEMBERS' ALLOWANCES 2021/22
LEAD OFFICER:	Katherine Kerswell, Interim Chief Executive
WARDS:	All

SUMMARY OF REPORT:

The report comprises a review of the Members' Allowance Scheme, in response to the significant financial pressures under which the Council is operating. The proposals contained in this report, as agreed at the Extraordinary Council meeting on 16 December 2020, will result in approximately £271,000 savings on Members' allowances for the financial year 2021/22.

The Council is asked to consider and adopt the updated Members' Allowance Scheme which sets out the allowances Members are entitled to receive for carrying out their responsibilities as set out in Appendix 1.

POLICY CONTEXT/AMBITIOUS FOR CROYDON:

The recommendations set out in this report respond to the first of four priorities set out in the Croydon Renewal Improvement Plan to 'live within our means, balance the books and provide value for money for our residents'.

FINANCIAL IMPACT:

The proposals in this report will deliver an annual saving of £271,000 on Members' special responsibility allowances compared to the current rate of allowances.

RECOMMENDATIONS:

- 1.1 To approve changes to the Council's existing Members' Allowance Scheme as set out in Appendix 1 to this report with effect from 1 April 2021.
- 1.2 To authorise the Monitoring Officer to comply with the necessary statutory publicity requirements in respect of the on-going annual publicity of the Members' scheme of allowances which is required, and subject to Members' approval of recommendation 1.1 of this report, the approval of the revised Members' Allowance Scheme as detailed in this report.

1. BACKGROUND

- 1.1 In accordance with the Local Government Act 2000 and Local Authorities (Members' Allowances) (England) Regulations 2003, Local Authorities are required to undertake a formal independent review of the level of allowances for their Members at least once every four years. In London, provision has been made for this review to be undertaken by an Independent Remuneration Panel (IRP) set up on behalf of all Boroughs by London Councils.
- 1.2 Croydon Council's Members' Allowance Scheme (which is included in the Council's Constitution at Part 6A and is published on the Council's website) was last formally reviewed and approved at Full Council in 2018 following publication of the last IRP report, albeit that annual adjustments have subsequently been authorised by General Purposes and Audit Committee, made by reference to the annual local government staff pay settlement. In considering the recommendations detailed in this report, Members are required to have regard to the recommendations of the IRP. The most recent IRP report was published in 2018 and can be found at <https://www.londoncouncils.gov.uk/who-we-are/about-us/financial-information/leadership-and-expenses/remuneration-councillors-london>.
- 1.3 Croydon Council is operating under significant financial pressure, which resulted in the declaration of the Council's first section 114 notice last November, stopping all non-essential spending. The Croydon Renewal Improvement Plan, which was approved by Full Council on 30th November 2020 set out a series of savings proposals for 2021/22, including undertaking a review of Members' Allowances, with a likely focus on scaling back Members' Special Responsibility Allowances (SRAs).
- 1.4 At an Extraordinary Meeting of Council on 16th December 2020, savings proposals were unanimously agreed totalling £271,000, which involve changes to a number of Members' special responsibilities/roles including Cabinet and Shadow Cabinet Members, and reductions in a number of SRAs that are currently paid on top of Councillors' Basic Allowances.

2. SUMMARY OF PROPOSED CHANGES

- 2.1 The changes proposed and agreed at Full Council on 16th December 2020 are detailed below:
 - a) Permanent deletion of the second non-statutory Deputy Leader post;
 - b) Reduction of Cabinet Membership from ten to nine (including Leader and Deputy Leader);
 - c) Deletion of separate role of Chair of the Health and Wellbeing Board – with function absorbed into the role of Cabinet Member for Families, Health and Social Care;

- d) Reduction of Deputy Cabinet Member roles to four;
 - e) As part of the Governance Review in setting up of Cabinet Member Advisory Committee's (CMAC's), introducing four new CMAC Chairs at the limited SRA rate of £5,000 each;
 - f) Reducing the SRA for the Chair of Scrutiny by £10,000;
 - g) Applying a 20% reduction on all SRA's that are not new or already reduced;
 - h) Mirroring changes to SRAs in the Shadow Cabinet to that in the Cabinet; and
 - i) Deferral of any inflationary increase in line with the annual local government staff pay settlement for 2021/22
- 2.2 There are no proposed changes to the Basic Allowance, Dependent Carers Allowance, Subsistence Allowances or the Travel Allowances.
- 2.3 A schedule of current and proposed allowances is attached as Appendix 1.

3. CONSULTATION

- 3.1 Both political groups represented on the Council have been consulted on the proposed changes detailed above, which were debated and agreed in principle at the Extraordinary Meeting of Council held on 16 December 2020.

4. PUBLICITY

- 4.1 The Local Authorities (Members' allowances) (England) Regulations 2003 ("the 2003 regulations") provide detailed statutory requirements in relation to publicity in relation to the making or amending of any Scheme of Allowances.
- 4.2 It is therefore recommended that the Monitoring Officer be authorised to comply with all necessary publicity requirements in respect of the approval of the updated Scheme as detailed in Appendix 1, subject to Members' approval of the recommendations in this report.

5. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 5.1 The recommendations in this report will achieve an annual saving of £271,000 compared to the existing rates for Members' Special Responsibility Allowances.

- 5.2 Members have also foregone the annual inflationary rise, by reference to the annual local government staff pay settlement, in the 2020/21 financial year of 2.75%, which has avoided additional costs of £44,000.

(Approved by: Geetha Blood, Interim Head of Finance, Place and Resources)

6 LEGAL CONSIDERATIONS

- 6.1 The Head of Litigation and Corporate Law comments on behalf of the interim Director of Law and Governance that the proposed Members' Allowance Scheme is required to comply with the relevant provisions of the Local Authorities (Members' Allowances) (England) Regulations 2003; the Local Government and Housing Act 1989 and the Local Government Act 2000. In addition, there are separate provisions, namely sections 3 and 5 of the Local Government Act 1972 for the payment of allowances to the Mayor and the Deputy Mayor which Croydon has traditionally referenced as part of its Members' allowance scheme.

- 6.2 In particular Regulation 19 of the 2003 Regulations provides that the Council must have regard to the recommendations of the IRP before making or amending a Scheme of Allowances for its members. Regulations 16 and 22 set out the detailed publicity requirements both in relation to any making or amendment of a Scheme and the IRP report.

(Approved by: Sandra Herbert, Head of Litigation and Corporate Law on behalf of the interim Director of Law and Governance.)

7 HUMAN RESOURCES IMPACT

- 7.1 There are no implications for Council staff arising from the report.

(Approved by: Sue Moorman, Director of Human Resources)

8 DATA PROTECTION IMPLICATIONS

- 8.1 The recommendations contained in this report will not directly involve the processing of personal data.

Approved by Elaine Jackson, Interim Assistant Chief Executive

CONTACT OFFICER: Stephen Rowan, Head of Democratic Services & Scrutiny
stephen.rowan@croydon.gov.uk

APPENDICES TO THIS REPORT:

Appendix 1: Schedule of Current and Proposed Allowances

Appendix 1

Council Members' Allowances

		Current (£)	Proposed (£)	Total cost saving
Basic Allowance	All Members	11,692	11,692	0
	Mayor's Allowance	19,875	15,900	3,975
	Deputy Mayor's Allowance	9938	7950.40	1,987.60
to include in the Basic Allowance the following one-off Members' ICT payment				
	Members elected in a by-election following May 2018 (a pro-rata amount based on the length of the remaining 4 year term)	800	800	0
	Members elected in local elections in 2022 and thereafter	800	800	0
Special Responsibility Allowances	Paid in addition to Basic Allowance			
	Leader of the Council	44,965	35,972	8,993
	Deputy Leader Statutory	37,941	30,352.80	7,588.20
	Deputy Leader (role deleted)	37,062	0	37,062
	Cabinet Members	34,379 x 7	27,503.20 x 7	48,130.60
	Deputy Cabinet Members (number reduced from 10 to 4)	10,335	8,268 x 4	70,278

	Non-Acting Cabinet Member (deleted)	20,627	0	20,627
	Chair - Scrutiny and Overview Committee	30,942	20,942	10,000
	Deputy Chair - Scrutiny and Overview Committee	10,732	8,585.60	2,146.40
	Majority Group Secretary	10,335	8,268	2,067
	Majority Chief Whip	15,151	12,121.80	3,030.20
	Chair - General Purposes & Audit Committee	10,308	8,246.40	2,061.60
	Chair - Licensing Committee	10,308	8,246.40	2,061.60
	Chair - Planning Committee	16,531	13,224.80	3,306.20
	Chair- Health and Wellbeing Board (role deleted)	34,379	0	34,379
	Member of Adoption Panel	4,604	3,683.20	920.80
	Chair - Pension Committee	9,210	7,368	1,842
	Cabinet Member Advisory Committee Chair (NEW)	0	5,000 x 4	20,000 GROWTH
	Largest Minority Group			
	Leader of the Opposition	22,445	17,956	4,489
	Deputy Leader (second role deleted)	9,400 x 2	7,520 x 1	11,280
	Shadow Cabinet Members	7,019 x 7	5,615.20 x 7	9,826.60
	Chief Whip	7,019	5,615.20	1,403.80
	Group Secretary	6,882	5,505.60	1,376.40

	Vice Chair - Scrutiny and Overview Committee	10,732	8,585.60	2,146.40
Total Savings Proposed:				£270978.40

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Agenda Item 7

Please note that this report will be updated once the Council has received a decision from the Secretary of State on its request for a capitalisation directive and the updated report will also include further consultation responses.

REPORT TO:	COUNCIL 8 MARCH 2021
SUBJECT:	COUNCIL TAX AND BUDGET REPORT
LEAD OFFICER:	KATHERINE KERSWELL, INTERIM CHIEF EXECUTIVE OFFICER CHRIS BUSS, INTERIM DIRECTOR OF FINANCE, INVESTMENT AND RISK
WARDS:	ALL
CORPORATE PRIORITY/POLICY CONTEXT/AMBITIOUS FOR CROYDON: The Council Tax and Budget Report is prepared in keeping with the Council Procedure Rules at Part 4A of the Constitution.	

1. RECOMMENDATIONS

Subject to decision at the Cabinet meeting to be held on 1 March 2021, the Council is expected to be asked to approve the following recommendations:

The Revenue Budget for 2021/22 and notes the 3 Year Medium Term Financial Plan as detailed within Section 11 which is based upon the:

- 1.1. Council's request for a Capitalisation Direction of £150m covering financial years 2020/21 to 2023/24.
- 1.2. 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).
- 1.3. A 3.00% increase in the Adult Social Care precept (a charge Central Government has assumed all councils' will levy in its spending power calculations).
- 1.4. To note the draft GLA increase of 9.5% on the Council Tax precept for 2021/22.
- 1.5. With reference to the principles for 2021/22 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 3.8 of this report.

- 1.6. The calculation of budget requirement and council tax as set out in Appendix C and D including the GLA increase this will result in a total increase of 5.83% in the overall council tax bill for Croydon.
- 1.7. The revenue budget assumptions as detailed in this report and the associated appendices
- 1.8. The programme of revenue savings, income and growth by department for Financial Years 2021/22 to 2023/24 (Appendix A).
- 1.9. The Capital Programme as set out in Section 18, table 17 and 18 of this report, except where noted for specific programmes are subject to separate Cabinet reports.
- 1.10. To agree that in light of the impact on the Council's revenue budget no Capital contractual commitment should be entered into until a review of revenue affordability has been concluded.
- 1.11. To approve that any receipts that come from the Council's Housing company Brick by Brick will first be applied to the accrued interest and any subsequent receipts will be used to pay down the principle loan balance.
- 1.12. To note there are no proposed amendments to the Council's existing Council Tax Support Scheme for the financial year 2021/22.
- 1.13. The adoption of the Pay Policy statement at Appendix G.

2. EXECUTIVE SUMMARY

This Council Tax and Budget Report comprises a summary of the process and matters of business relating to the Council Tax and Budget Setting as required by Part 4A of the Constitution. The report also includes recommendations that are anticipated to be made to Council by Cabinet at its meeting on 1 March 2021.

3. GENERAL FUND AND HRA BUDGET PROPOSALS

- 3.1. The General Fund and HRA Budgets are appended as part of the covering report at Appendix 6.1.
- 3.2. At its meeting on 1 March 2021, Cabinet is anticipated to recommend to Council the recommendations detailed in 1.1 to 1.13 above. Those recommendations will be put to the vote at the conclusion of this item of business.
- 3.3. In accordance with paragraph 4.12 of part 4A of the Constitution, recommendations 1.1, 1.2 and 1.3 will be taken as recorded votes. It has also

been agreed by the Monitoring Officer that the remainder of the recommendations (1.4 to 1.13) will be taken en block as a recorded vote.

4. QUESTIONS TO THE LEADER AND CABINET MEMBERS FOR CROYDON RENEWAL AND RESOURCES & FINANCIAL GOVERNANCE

- 4.1. At the outset of consideration of this item, Members will have the opportunity to ask questions of the Leader of the Council on any matter related to the Council Tax or draft budget.
- 4.2. Following the above session, Members will have an opportunity to ask questions of the Cabinet Members for Croydon Renewal and Resources & Financial Governance on any matter related to the Council Tax or draft budget.
- 4.3. Both of these question and answer sessions will last for fifteen minutes and the first three minutes of each session may be used by the Leader or Cabinet Member to make any announcements. Both sessions will be conducted in accordance with paragraphs 4.3 to 4.6 of Part 4A of the Council's Constitution.
- 4.4. In case of doubt, the Mayor shall decide whether it is appropriate for any matter to be considered at a Council Tax Meeting and shall disallow any questions considered inappropriate. Each Member asking a question will also be allowed to ask a supplementary question

5. BUSINESS REPORT OF THE SCRUTINY AND OVERVIEW COMMITTEE

- 5.1. Part 4C of the Constitution outlines the process for developing the Council's annual budget and makes provision for the Scrutiny & Overview Committee to comment on proposals. It also requires Cabinet to take into account any formal response from the Scrutiny & Overview Committee.
- 5.2. Paragraph 4.8 of part 4A of the Constitution allows a period of ten minutes for Councillors to question the Chair of the Overview and Scrutiny Committee, the first two minutes of which are available to the Chair to make any announcements.
- 5.3. In accordance with the above requirements, the Scrutiny & Overview Committee considered all non-education elements of the proposed 2021/22 budget at its meeting on 16 February 2021. Education elements of the proposed budget were considered by the Children and Young People Scrutiny Sub-Committee at its meeting on 19 January 2021.

Council Tax and Budget Scrutiny

- 5.4. At its meeting on 16 February 2021, the Scrutiny and Overview Committee considered an item on the draft budget from the Leader of the Council and the Cabinet.
- 5.5. An introduction from the Leader of the Council outlining the significant financial challenges facing the Council, the action needed to address these challenges

including improved finance systems and increased financial rigour across the organisation. Although the budget presented to the Committee was balanced, this was predicated on the capitalisation bid to the MHCLG being successful, with early conversations with the Improvement and Assurance Panel being positive. It was emphasised that even should the capitalisation bid be successful, there would still be a £79m budget gap across the life of the Medium Term Financial Strategy, which meant that further difficult choices would need to be taken to address the Council's financial stability and resilience.

- 5.6. Following the introduction, the Committee spent over three hours questioning the Cabinet and officers on the budget. Areas focussed on by the Committee included the key risks to the delivery of the budget, the S.25 Statement from the S.151 Officer, the ability of the Council to implement the necessary cultural change to deliver the budget and in more detail the risks associated with selected savings from the budget. Following the discussion, the Committee reached a number of conclusions, which are set out in the following paragraphs.
- 5.7. The Committee felt hopeful that the budget could be delivered, following reassurance given on both the robustness of the development process and the achievability of the budget itself. However, given that similar assurances had been provided in previous years, which in hindsight had been optimistic at best, there remained serious concerns that could only be allayed through the actual delivery of the budget in 2021-22.
- 5.8. The Section 25 statement from the interim Section 151 Officer, which confirmed that the budget was sound, as long as there was a political will to deliver it, was accepted by the Committee.
- 5.9. The Committee felt there should be a certain amount of confidence in the estimation of the growth items included in the budget, given that these had been reviewed by external organisations and were based on worst case scenarios.
- 5.10. The priority for the Council to live within its means, while protecting the most vulnerable residents in the borough, was endorsed by the Committee.
- 5.11. There was concern about the deliverability of the Adults and Children's Social Care budgets, particularly the savings which targeted a reduction in the number adults and children in the care system. To ensure that there was not an adverse impact, it was agreed that the budget and performance of these services would be regularly monitored by their respective Scrutiny Sub-Committees.
- 5.12. As the delivery of the budget was predicated on changing the culture with the Council toward finance control, it was questioned how it could be demonstrated to the Committee that these cultural changes were being embedded across the organisation.
- 5.13. The Committee felt that there should be Member oversight of the potential risks arising from the savings programme, to ensure there could be confidence that

these were being managed appropriately and mitigation identified as needed. Given that risk sat within the remit of the General Purposes and Audit Committee, it would be appropriate for them to receive regular updates on the risks associated with the delivery of the budget.

- 5.14. There remained concern that there could be potential, unforeseen consequences arising as a result of the savings programme and further reassurance was required to confirm how these would be picked up through the corporate monitoring process.
- 5.15. There was a concern about the potential impact upon the workload of Council staff, which would need to be monitored corporately.
- 5.16. It was agreed that there was an onus on all Councillors to ensure the budget was delivered and the right level challenge was provided. Councillors also needed to accept that some service areas would be reduced from their current level.
- 5.17. Although the Committee accepted the reassurance that the budget outcome for the remainder of 2020-21 was reasonably certain, it was agreed that going forward should there be any major alterations to the budget over the life of the Medium Term Financial Strategy, it should be reported to the Committee.
- 5.18. In order to provide additional reassurance on the delivery of the budget, it was agreed to make the following recommendation to the Cabinet:-
 1. That regular monitoring reports on the budget and performance of Children and Adults Social Care is scheduled for meetings of the relevant Scrutiny Sub-Committees throughout 2021-22.
 2. That performance indicators are created which allow the Scrutiny and Overview Committee, and the wider political and corporate leadership, to monitor the effectiveness of the work to implement cultural change across the Council in regard of financial monitoring and controls.
 3. That the General Purposes and Audit Committee received regular reports on the risks identified in the budget, to provide reassurance that these were being managed effectively.
 4. That an update be provided to the Members of the Scrutiny & Overview Committee to confirm how corporate monitoring of the budget will enable potential, unforeseen consequences arising from the savings programme to be identified at an early stage.
 5. That timely updates are provided to the Scrutiny & Overview Committee on any major alterations to the Council's in-year budget over the life of the Medium Term Financial Strategy.

Education Budget 2021/22

- 5.19 At its meeting on 19 January 2021 the Children and Young People Scrutiny Sub-Committee considered an item on the draft education budget from the Cabinet Member for Children, Young People & Learning and the interim Head of Finance for Children, Families & Education.
- 5.20 During the Sub-Committee's consideration of the report, it was questioned what was being done to manage excess places in schools, as this presented a problem from the accumulation of large financial deficits. The Sub-Committee acknowledged that managing school places was a challenge, due to various contributing factors such as inward migration and birth rates. There was always the issue of surplus places at some schools in the borough, due to popularity of certain schools and parental choice. The Sub-Committee was reassured that the Education service had clear oversight of those schools operating with deficit and challenged schools where necessary, asking them to provide information on they would be managing their budget. The service also provided support to assist schools to explore where possible savings could be made.
- 5.21 Another area questioned by the Sub-Committee was the confidence of officers to be able to control the budget, in order to close the deficit, as there was significant concern amongst the Sub-Committee about the Council's ability to manage the deficit. The Sub-Committee was advised that all that could be done was being done to manage the budget without compromising the offer for children, in particular within the legislative requirements of Special Educational Needs (SEN) to contain spending within the allocation. It was acknowledged that it would be difficult to give any certainty that Council would be able to eliminate the accumulated deficit in year. The service was working hard to manage its budget and this was reflected in the SEND Strategy's basis of local provision for Croydon children, as this would assist by not having to pay high costs for out of borough independent school fees. There was confidence in the SEND Strategy's proposal outcomes that this could be achieved.
- 5.22 Following their discussion of the Education Budget, the Sub-Committee agreed that they were not reassured about the Council's ability to close the gap on the accumulated deficit for the high needs block. As such, this would be a significant risk in the delivery of the budget.

6. COUNCIL TAX DEBATE

- 6.1. The Council Tax Debate will proceed in accordance with paragraphs 4.9 to 4.12 of part 4A of the Constitution.
- 6.2. The order of speakers shall be as follows:
- i) Leader or other Cabinet Member (10 mins)
 - ii) Leader of the Opposition (10 mins)
 - iii) Administration Speaker (3 mins)
 - iv) Opposition Speaker (3 mins)
 - v) Administration Speaker (3 mins)

- vi) Opposition Speaker (3 mins)
- vii) Administration Speaker (3 mins)
- viii) Opposition Speaker (3 mins)
- ix) Administration Speaker (3 mins)
- x) Opposition Speaker (3 mins)
- xi) Administration Speaker (3 mins)
- xii) Opposition Speaker (3 mins)
- xiii) Leader or other Cabinet Member exercising a right of reply (5 mins).

6.3. At the conclusion of the debate, the recommendations shall immediately be put to the vote as detailed in 1.1 to 1.13 above.

CONTACT OFFICER: Stephen Rowan
Head of Democratic Services and Scrutiny

BACKGROUND DOCUMENTS: None

APPENDICES:

Appendix 1: Council Tax Report to Cabinet
Appendix 1A: Revenue savings, income and growth options
Appendix 1B: Summary of Revenue Estimates
Appendix 1C: Council Tax Bands
Appendix 1D: Council Tax Recommendations
Appendix 1E: Response to Provisional Local Government Settlement
Appendix 1F: Dedicated Schools Grant
Appendix 1G: Pay Policy Statement
Appendix 1H: 20-21 Q3 Budget Monitoring Report

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REPORT TO:	Cabinet 1st March 2021 Council 8th March 2021
SUBJECT:	Croydon's General Fund & HRA Budget 2021/22 to 2023/24
LEAD OFFICER:	Katherine Kerswell, Interim Chief Executive Officer Chris Buss, Interim Director of Finance , Investment and Risk
CABINET MEMBER:	Leader Hamida Ali – Leader of Croydon Council Councillor Stuart King – Cabinet Member for Croydon Renewal Councillor Callton Young – Cabinet Member for Resources and Financial Governance Councillor Jane Avis – Cabinet Member for Homes and Gateway services
WARDS:	All
CORPORATE PRIORITY/POLICY CONTEXT:	
The Council's budget underpins the resource allocation for all corporate priorities and policies and in particular, the corporate priority for the delivery of value for money for the residents of the borough of Croydon. This report sets out the detailed proposals for the financial year 2021/22 to 2023/24.	
FINANCIAL SUMMARY:	
The report details the revenue and capital budgets for the General Fund for financial Years 2021/22 to 2023/24, the Council Tax position for 2021/22, the revenue and capital budgets for the Housing Revenue Account (HRA) Budget and position on the Housing Rents increases for 2021/22. This report only seeks approval of the Budget for 21/22 but Cabinet and Council are asked to note the Medium Term Financial Plan	
FORWARD PLAN KEY DECISION REFERENCE	
The recommendations in section 1.0 are not executive decisions and therefore not key decisions – the final decisions are to be recommended to the Full Council for consideration at the meeting scheduled for 1st March 2021. The recommendations in section 1.0 are key executive decisions (reference no.0921CAB). The decisions may be implemented from 1300 hours on the 5 th working day after it is made, unless the decision is referred to the Scrutiny & Overview Committee by the requisite number of Councillors.	

1.0 RECOMMENDATIONS

The Leader of the Council has delegated authority to the Cabinet to make the following decisions:

- 1.0 That Cabinet be recommended to approve the following recommendations to Full Council for consideration at its meeting on 8th March 2021:

The Revenue Budget for 2021/22 and notes the 3 Year Medium Term Financial Plan as detailed within Section 11 which is based upon the:

- 1.1. Council's request for a Capitalisation Direction of £150m covering financial years 2020/21 to 2023/24.
- 1.2. 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).
- 1.3. A 3.00% increase in the Adult Social Care precept (a charge Central Government has assumed all councils' will levy in its spending power calculations).
- 1.4. To note the draft GLA increase of 9.5% on the Council Tax precept for 2021/22.
- 1.5. With reference to the principles for 2021/22 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 3.8 of this report.
- 1.6. The calculation of budget requirement and council tax as set out in Appendix C and D including the GLA increase this will result in a total increase of 5.83% in the overall council tax bill for Croydon.
- 1.7. The revenue budget assumptions as detailed in this report and the associated appendices
- 1.8. The programme of revenue savings, income and growth by department for Financial Years 2021/22 to 2023/24 (Appendix A).
- 1.9. The Capital Programme as set out in Section 18, table 17 and 18 of this report, except where noted for specific programmes are subject to separate Cabinet reports.
- 1.10. To agree that in light of the impact on the Council's revenue budget no Capital contractual commitment should be entered into until a review of revenue affordability has been concluded.
- 1.11. To approve that any receipts that come from the Council's Housing company Brick by Brick will first be applied to the accrued interest and any subsequent receipts will be used to pay down the principle loan balance.
- 1.12. To note there are no proposed amendments to the Council's existing Council Tax Support Scheme for the financial year 2021/22.
- 1.13. The adoption of the Pay Policy statement at Appendix G

That Cabinet agree:

- 1.14. The Housing Revenue Account's 2021/22 Budget as detailed within section 19
- 1.15. A rent increase for all Council tenants for 2020/21, in line with the Government's social rent policy which has legislated to increase social rents by CPI + 1%, which is equal to 1.5%
- 1.16. 2% increase to the service charges for caretaking, grounds maintenance and bulk refuse collection as detailed in section 12.

That Cabinet note:

- 1.17. That in respect of the Council's public sector equalities duties where the setting of the capital, revenue and HRA budget result in new policies or policy change the relevant service department will carry out an equality impact assessment to secure delivery of that duty including such consultation as may be required.
- 1.18. The progress being made towards balancing the Council's financial position for 2020/21 as at Quarter 3 and the current projected outturn forecast of £64.7m as set out in the Budget Monitoring report as part of this Cabinet in Agenda Item 5b and also attached in Appendix H.
- 1.19. The response to the provisional local government settlement which is attached at Appendix E.
- 1.20. That pre-decision scrutiny of the proposed budget 2020/21 took place at the Scrutiny and Overview Committee on the 10th February 2020. The Scrutiny and Overview Committee agreed to recommend that the Cabinet Member for Finance and Resources be invited to attend a meeting of the Committee and provide an update on the bedding in of the Council's new financial monitoring systems in September 2020.
- 1.21. The statement on reserves and balances and robustness of estimates from the statutory Section 151 Officer.

2.0 Executive Summary

- 2.1 This report sets out the Council's 2021/22 Budget and the indicative position for following 2 years. This budget has been set on the backdrop of one of the most difficult years financially for the Council and Local Government as a whole. This report expands on challenges faced by the Council in setting a balanced budget for the financial year 2021/22, and gives an update on the key issues from the Spending Review presented by the Chancellor of the Exchequer on 25th November 2020.
- 2.2 This report also provides further details on challenges faced by Croydon Council in terms of its continued financial pressures and resources available to deliver the key services for the authority.
- 2.3 The report also provides details on the current financial and economic environment in which the Council is operating, impacted significantly by

Covid, and together with the local policy context set out an approach to identifying savings.

- 2.4 The Council started the year with significantly low reserve levels and began the financial year with the nation forced into lockdown due to the Covid-19 pandemic. With rising costs and increased demand for services, the Council's finances had become increasingly precarious in recent years. However, Covid-19 and its impact on Council's budgets, in particular the ability to introduce planned savings meant the Council was unable to, cover its costs from reserves and was therefore forced to issue a Section 114 (S114) notice under the Local Government Finance Act 1988.
- 2.5 During the Covid-19 pandemic the Council has experienced significant financial pressures across all its services. From increased support and care to the most vulnerable in the community and provision of additional services to significant risks to income sources such as parking income. This has meant that the Council has faced a two sided impact from increased costs and reduced income.
- 2.6 The demand for children and adult social care has always been large within Croydon and with the additional need to safeguard these groups in our community has resulted in further resource pressures, this is not a specific Croydon issue. With growing numbers of both young and older residents, and other demographic changes, Croydon is affected by these national issues more than most.
- 2.7 As a Council facing financial challenges Croydon is certainly not alone, but many of the issues impacting its finances are unique to the borough.
- 2.8 Croydon is one of the capital's largest boroughs by population and, although situated in outer London, it has over time inherited a raft of traditionally Inner London issues that impact its budget but this has not been reflected in changes to Central Government financial support. Which have not been significantly revised to reflect changes in need.

3.0 Covid-19 Pandemic

- 3.1 Covid -19 has had a profound impact on the Council's finances. Financial pressures have arisen as a result of additional costs, lost income and unachieved delivery of savings. The pandemic has required the Council to divert resources to deliver some of the most urgent services to the most vulnerable in the Community and this has resulted in less staff time being dedicated to some of the key efficiency deliveries that had been required.
- 3.2 The Council has faced significant pressures within its Adult Social Care and Children Social Care departments as the services needed to ensure older people and vulnerable children are effectively safeguarded. The Council has lost significant income in various key services such as parking income, planning and through various fees and charges due to reduced activities and demand during the past 11 months.

3.3 Whilst MHCLG has provided further grant funding in order to tackle the extra costs and loss of income, the funding provided has not been sufficient to cover all Covid-related pressures the Council has faced. As a direct consequence of Covid, as at the end of January the Council has faced additional expenditure pressures of £39.76m, lost income of £28.7m and unachieved savings of £10.87m, however until end of December had only received £32.9m in funding from Government. This creates a £46.34m pressure directly attributed towards Covid.

3.4 The Council has administered significant number of other initiatives introduced by the Government to support the community during the pandemic. Table below details additional work the Council took on during the pandemic and also details the grants the Council received to support those initiatives.

Table 1: Covid Grants

Service Specific Covid Grants	£m
Infection control fund for adult social care (tranche 1)	8.075
Test and Trace	1.998
Welfare support grant	0.447
Next Steps Accommodation Programme	0.635
Test and trace support grants	0.338
LA compliance & Enforcement grant	0.218
Clinically Extremely Vulnerable Support Grant	0.195
Covid Winter Grant	1.199
Cold Weather Payment (housing)	0.050
Contain Outbreak Management Fund	3.094
Estimated S.31 grants paid in advance	7.017
Business Grants Fund	49.525
Cashflow measures	14.474
C-19 Business Rates reliefs	56.831
Discretionary Business Grants Fund	3.029
Reopening High Streets Safely	0.342
Additional Restrictions Grant.	7.734
Local Restrictions Support Grant (Closed) addendum	5.846
Cold Weather Payment (housing)	0.050
Hardship Fund	4.388
Total	165.485

3.5 The Covid pandemic has created significant uncertainty on Local Authority Finances going forward as it casts doubt in regards to future activity and public behaviour in terms of demand for services and in particular income from the use of facilities. Whilst it's difficult to predict what that change will be this will need to be closely monitored by the Council across a range of services to ensure risks are flagged early on and to find mitigations where possible.

4.0 Financial Performance Quarter 3 2020/21

4.1 As at month 9/Quarter 3 the general fund revenue outturn forecast stood at £64.7m overspend, which was after the inclusion of both anticipated

and received Covid19 funding from the MHCLG of £41.9m.

4.2 To note that there are a number of risks totalling £31.8m that could materialise which would see the variance increase further. These are within services due to the current pandemic, potential impact from finalisation of the 2019/20 accounts and in relation to groups structures particularly around interest income from Brick by Brick. Should all of these risks crystalize the total forecast overspend would increase to £96.5m by the year end.

4.3 The Council has requested a capitalisation directive to cover the deficit for the current year, this is part of an overall request for £150 million, at the time of publication no decision has been made on this request.

5.0 S114 Notice

5.1 In November 2020 with a substantial increase in the projected outturn for 20/21 and lack of progress on cost reductions and efficiencies the S151 Officer issued a Section 114 notice, as it was clear that the council could not meet its forecast expenditure for 2021/22 within its available revenue resources including reserves.

5.2 Councils are required by law both to set a balanced budget, but to also ensure that expenditure can be funded from revenue resources. If a council can't find a way to finance their expenditure a section 114 must be issued, as effectively expenditure becomes unlawful.

5.3 The notice has had the effect of the council stopping all non-essential spending – and cannot enter into new agreements which will incur a cost. A Spend Control Panel was set up to oversee expenditure taking place within the council.

5.4 The Council continued to ensure that essential services were maintained particularly to those community members who were vulnerable and that included the ongoing response to the Covid-19 pandemic. The following criteria was applied when allowing spend to take place:

- existing staff and payroll costs,
- expenditure on goods and services which have already been received
- expenditure required to deliver the council's statutory services at a minimum possible level
- urgent expenditure to safeguard vulnerable residents
- contractually committed expenditure
- expenditure through ring fenced grants
- expenditure that will improve the council's financial situation – that is necessary to reduce overall costs.

5.5 Within 21 days of issuing a S114 notice the council is required to decide whether it agrees with the views in the report and what action if any it proposes to take. If the expenditure cannot be met from revenue resources it must then issue another notice. On 2nd December a second S114 notice was issued and the Council has continued to remain in a S114 since.

6.0 RIPI

- 6.1 On 23rd October 2020, before the issuance of the S114 notice, the Council's External Auditors, Grant Thornton, issued a Report in Public Interest. The report detailed concerning the Council's financial position and related governance arrangements.
- 6.2 The Report was published as the external auditor were of the opinion that the Council:
- i. Had experienced deteriorating financial resilience for a number of years
 - ii. Had significant issues relating to its financial sustainability
 - iii. Had not responded promptly to previous audit recommendations and concerns
 - iv. And that this needed to be brought formally to the public's attention
- 6.3 The council has taken these serious recommendations onboard and is proactively looking at addressing the auditor's concerns. In fact this MTFS and the 21/22 Budget transparently deals with all known pressures the council has faced and had ensured these are provided for within the overall growth requests.

7.0 Renewal Plan

- 7.1 With the move to a S114 being enacted and further scrutiny being provided by our Auditors through the Report in Public Interest, it is evident that the council will need to embark on a significant financial improvement initiative.
- 7.2 In addition to the S114 and the RIPI, the council has had significant scrutiny and oversight various other stakeholders and groups. This has included from the internally set Financial Review Panel to the Rapid Review that was conducted by MHCLG. There are currently around 400 recommendations and actions already developed from different plans and there will be further output for incorporation into existing plans. Some of the recommendations and actions are likely to be cross-cutting, many may duplicate each other and the council will need to use best practice frameworks and recognised programme management methodology to track progress and reporting.
- 7.3 The renewal plan is a big change programme for the council, which sets out how we will respond to the financial challenges and wider improvement asks – whilst making sure that priority services are delivered effectively, sustainably and within our financial means.
- 7.4 The Renewal Plan is made up of the **Financial Recovery Plan** which will set out how we'll deliver a sustainable budget in the medium term and a **Corporate Improvement Plan** to deliver the required changes. Different strands of work within the renewal plan will include:
- New priorities and ways of working

- Improvements to governance and leadership practice
- Improvements to management practice
- Service improvements to manage demand and cost
- A new system of internal control – finance, performance and risk
- A new approach to involving residents and partners
- A new engagement and involvement programme with staff to create a working environment that values all our staff
- A new approach to ensuring respect for all and equity of opportunity for our staff
- A review of the member and officer code of conduct to fully embed the Nolan Principles in all work.

7.5 The Renewal plan was presented to Cabinet in 25th November 2020 and was endorsed by Cabinet colleagues. It was then presented to Council on 30th November. Work is currently underway to ensure our objectives within the Renewal plans are being implemented and that the Council begins to deliver a financially sustainable MTFS by 2023/24.

7.6 One of the fundamental reviews the Council is in relation to its Housing Company, Brick by Brick. The Cabinet at its meeting on 25th November 2020, received a report on a strategic review by PwC of the Council's group of companies and other entities. As a result of that review a number of specific recommendations were made concerning Brick by Brick.

These were to:

- i) Authorise the initial further work required on the options identified by PwC regarding the Council's interest in BBB in order to best inform further consideration and decision at the January Cabinet meeting.
- ii) Agree that funding of BBB shall continue in line with current loan arrangements and conditions subject to that further decision, provided that all funding for construction, and completed unit purchases be reviewed on a site by site basis.
- iii) Agree that all site transfers to BBB, be halted until the Council has completed the options appraisal and taken a final decision on the options.

7.7 The Council has also received and agreed a number of recommendations regarding Brick by Brick in the Report in the Public Interest report by Grant Thornton. In particular that report contained four specific recommendations regarding the Council's future relationship with Brick by Brick. These were:

- i) The Cabinet and Council should reconsider the financial business case for continuing to invest in Brick by Brick before agreeing any further borrowing.
- ii) The Cabinet and Council should review and reconsider the ongoing financial rationale for the Council in the

equity investment arrangement with Brick by Brick.

- iii) The s151 officer and monitoring officer should monitor compliance with loan covenants with Brick by Brick and report any breaches to Members.
- iv) The Cabinet and Council should review its arrangements to govern its interest in subsidiaries, how the subsidiaries are linked, and the long-term impact of the subsidiaries on the Council's financial position and how the Council's and taxpayers interest is safeguarded.

7.8 Since the Cabinet meeting on 25th November the Council has carried out a second stage review of the options available to the Council to reduce the financial exposure with Brick by Brick. A report was presented to Cabinet on 18th February 2021 which detailed the next steps.

7.9 From a financial perspective the 18th February report considered various proposals in regards to future operations of Brick by Brick. The recommended course of action involves allowing Brick by Brick to continue building out schemes at an advanced stage, reviewing sites no longer proposed for development, disposing of sites at intermediate stage or sell the shares of the Company.

7.10 At the point of writing this report the actions of the second stage review were at the early stages of being worked through. At the Cabinet meeting it was recommended that, with any option, there will be further costs/resourcing (in particular the sale of the business option, in order to ensure the proper advice is obtained regarding valuation, legal and financial implications) and some write off of the Council's investment (as further explained in the restricted report) is likely. These risks are factored within the 21/22 Budget.

8.0 Local Government Finance Settlement 2021/22 - Nationally

8.1 The 2021/22 local government finance settlement is for one year only and is based on the Spending Review 2020 (SR20) funding levels. Within Spending Round 2020, information regarding 2021/22 funding allocations was provided. The provisional settlement confirms these previous announcements; the main points of which are set out below:

8.2 Most of the proposals set out in Spending Review 2020 have been confirmed.

Core Spending Power (CSP) will increase by £2.2 billion (4.5 per cent) nationally and £311 million (4.3 per cent) across London boroughs. Settlement Funding Assessment will increase by £13 million (0.1 per cent) and £3 million for London boroughs.

- The main tax referendum principle remains at 2 per cent.
- The flexibility to raise the Social Care Precept will be increased to 3 per cent for relevant authorities.

- The Improved Better Care Fund will remain at 2020/21 levels (the England total will be nearly £2.1 billion, of which London boroughs will receive £336 million).
- The Social Care Grant will increase by £300 million to £1.71 billion (as set out in SR20) London boroughs will receive £223 million of this (an increase of 24 per cent).
- Funding for New Home Bonus will decrease by over £285 million (31% per cent) nationally from £907 million to £622 million. London boroughs will receive £185 million of this, a decrease of £60 million (32 per cent).
- Business Rates Multiplier Compensation will increase by 30 per cent from £500 million to £650 million nationally. London boroughs will receive £115 million in 2021/22.
- There is a new Lower Tier Services Grant of £111 million within CSP (£24 million for London boroughs).
- Allocations have not yet been published for the Public Health Grant, Flexible Homelessness Support Grant, Homelessness Reduction Grant, Rough Sleeping Initiative Fund and the Independent Living Fund.
- £125 million was announced to implement the Domestic Abuse Bill (although allocations are TBC)
- A consultative paper has been published setting out further details on Covid-19 funding, including the £1.55 billion of further general funding in 2021/22 (£274 million to London boroughs), and seeking views on how the £670 million of CT Support funding, 75 per cent tax compensation scheme and continued SF&C compensation scheme will be calculated.

Core Spending Power - Overall

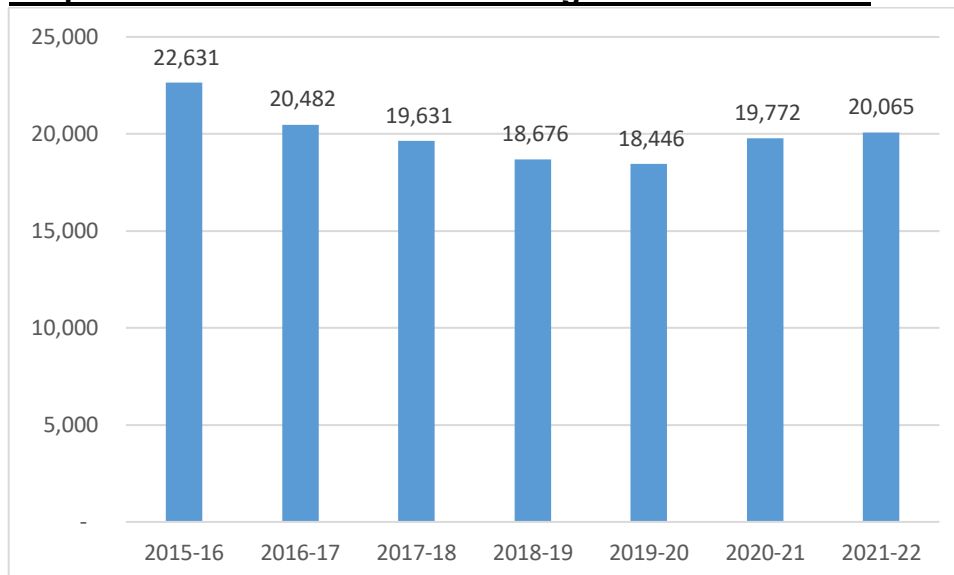
- 8.3 The National Core Spending Power figures for the period 2016/17 to 2021/22 are shown in Table 2 below. As previously announced at Spending Review 2020, it shows an increase
- 8.4 The National Core Spending Power figures for the period 2016/17 to 2021/22 are shown in Table 2 below. It shows an in year increase of 4.21% for 2021/22 and an overall of 4.5% for 2021/22 and an overall change for the period 2015/16 to 2021/22 of 14.7m.

Table 2: Core Spending Power figures for England 2015/16 to 2020/21

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
	£m	£m	£m	£m	£m	£m
Settlement Funding Assessment	18,602	16,633	15,574	14,560	14,797	14,810
Under-indexing the BR multiplier	165	175	275	400	500	650
Council Tax	23,247	24,666	26,332	27,768	29,370	31,145
Improved Better Care Fund	-	1,115	1,499	1,837	2,077	2,077
New Homes Bonus	1,462	1,227	947	918	907	622
New Homes Bonus returned funding	23	25	-	-	-	-
Rural Services Delivery Grant	81	65	81	81	81	85
Transition Grant	150	150	-	-	-	-
Adult Social Care Support Grant	-	241	150	-	-	-
Winter Pressures Grant	-	-	240	240	-	-
Social Care Support Grant	-	-	-	410	1,410	1,710
Lower Tier Services Grants						111
Core Spending Power	43,730	44,296	45,098	46,213	49,142	51,210
Change %	-2.10%	1.29%	1.81%	2.47%	6.34%	4.21%
Cumulative Change %	-2.10%	-0.83%	0.96%	3.46%	10.02%	14.65%
Real Terms Change %	-4.00%	-2.50%	-1.40%	0.10%	3.10%	3.10%
Cumulative Real Terms Change %	-4.00%	-6.40%	-7.80%	-7.70%	-4.80%	-4.80%

Core Spending Power: Excluding Council Tax

8.5 Graph 1 below shows the level of central government funding to local government between 2015/16 and 2020/21 excluding Council Tax. It shows a reduction of £2.8bn from £22.6bn to £19.8bn, a reduction of 13%.

Graph 1 – Local Government Funding 2015/16 to 2020/21

9.0 Local Government Finance Settlement 2021/22 Croydon

9.1 The published Core Spending Power (CSP) figures for Croydon are shown in the table below. Croydon's CSP for 2021/22 is £319.4m, an increase of £10.7m on the 2020/21 amount. However, it should be remembered that the CSP figures for the Settlement Funding Assessment and Council Tax are Ministry of Housing Communities and Local Government (MHCLG) forecast amounts only; with actual resources determined by the amount of business rates and council tax collected locally.

Table 3 Croydon's Funding Allocations 2016/17 to 2020/21

	2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m	2020-21 £m	2021-22 £m
Settlement Funding Assessment	114.6	101.7	94.5	86.8	88.2	88.2
Under-indexing the business rates multiplier	1	1	1.6	2.4	3	3.9
Council Tax	143.5	155.1	167.4	180	193.1	208.49
Improved Better Care Fund	-	5.5	7.1	8.3	9.7	9.7
New Homes Bonus	11.8	8.5	6.3	6.7	7.3	5.2
New Homes Bonus returned funding	0.2	0.2	-	-	-	-
Transition Grant	0.4	0.4	-	-	-	-
The Adult Social Care Support Grant	-	1.4	0.9	-	-	-
Winter pressures Grant	-	-	1.4	1.4	-	-
Social Care Support Grant	-	-	-	2.4	7.4	7.8
Core Spending Power	271.5	273.8	279.2	288	308.7	323.9
Population	386,700	390,100	393,600	397,000	400,200	400,200
Core Spending Power Per Head	702	702	709	725	771	809

- 9.2 Table 3 shows an increase in funding for Croydon over 2016/17 to 2021/22 of £51.8m in cash terms or 15.2%. However, it is important to note that this includes forecast increased council tax revenues over the period of £64.9m. Excluding Council Tax revenues sees a cash reduction in funding over the period of £12.5m. Further details of each funding stream included within Croydon's Core Spending Power and the extent to which the MHCLG's figures are relevant to Croydon is discussed below.

New Homes Bonus

- 9.3 Croydon's New Homes Bonus (NHB) allocation for 2021/22 is £5.2m, as shown in table 4 below. This is comprised of £3.6m legacy payments from previous years and an in-year payment of £1.6m.

Table 4 Croydon's NHB Forecast Funding Allocations 2019/20 to 2022/23

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23* £m
2016/17 allocation	2.1	0	0	0
2017/18 allocation	1	1	0	0
2018/19 allocation	1.8	1.8	1.8	0
2019/20 allocation	1.8	1.8	1.8	0
2020/21 allocation	0	2.7	1.6	1.6
No future years' allocations forecast	0	0	0	0
Equals NHB Funding (£m)	6.7	7.3	5.2	1.6

**projected*

Social Care Grants

- 9.4 The Social Care Support Grant will increase by £300 million to £1.71 billion (as set out in SR20) London boroughs will receive £223 million of this (an increase of 24 per cent). For Croydon this is an increase in funding of £0.4m, from £7.4m in 2020/21 to £7.8m in 2021/22.

Homelessness Funding/Homelessness Prevention Grant

- 9.5 The £310m Homelessness Prevention Grant combines and uplifts what was previously the Flexible Homelessness Support Grant and Homelessness Reduction Grant. For 2021-22 both grants have been combined and uplifted by £47m. In 2021/22 Croydon will receive £7.4m an increase of £2.2m over 2020/21

Public Health Grant

- 9.6 From 1 April 2013 the responsibility for the management of Public Health (PH) services in the borough transferred to the Council from the NHS. This brought about a range of new responsibilities including providing PH advice to Croydon CCG, tackling smoking, alcohol misuse and obesity, sexual health services, health inequalities and substance misuse including in-patient care. Additional funding was received in 2016/17 for the transfer to the Council of new responsibilities from NHS England for Health Improvements 0-5 years which took place on 1st October 2015.

- 9.7 The ring-fenced grant is used to commission a range of mandated service from external and internal provider's e.g. Health visiting, Substance misuse services, sexual health services etc. as well as providing resources for services within Croydon council that improve the health and wellbeing of the people in Croydon.
- 9.8 A review of the services that are commissioned as well as a detailed review of the resources that are provided for services within the Council was carried out during 2019/20 to ensure that the funding is utilised in the most effective manner and delivers on public health outcomes.
- 9.9 Funding for 2021/22 remains unconfirmed at the time of writing this report. Flat funding should be expected until allocations confirmed by Public Health England in Feb 21/22. In 2020/21 Public Health Grant was £21.8m.
- 9.10 Croydon's response to the Provisional Local Finance Settlement for 2021/22 is included as Appendix E to this report.

Local Taxation & GLA Taxation

- 9.11 The Council has a duty under the Local Government Finance Act 2003 to set a balanced budget before 11th March 2021. This report supports the enablement of that duty to be fulfilled, subject to agreement of the recommendations in this report by Full Council on the 8th March 2021.
- 9.12 It is recommended that there is a 1.99% increase in council tax for the Croydon element of the charge and a 3.00% increase based on the Adult Social Care Precept as set by the Chancellor. The GLA are proposing a 9.5% increase in their element of the charge and that is due to be agreed by the GLA on the 24th February 2021. The overall headline increase is 5.83%. The effect of this increase on Band D is set out in table 5 below.

Table 5 – Local Taxation & GLA Taxation increase (Band D comparison)

Band D	2021/22	Increase	Annual Increase	Weekly Increase
	£	%	£	£
Croydon	1,354.02	1.99%	28.9	0.56
Adult Social Care Precept	170.47	3.00%	43.56	0.84
Greater London Authority	363.66	9.50%	31.59	0.61
Total	1,888.15	5.83%	104.05	2.00

10 Wider Local Government Funding Issues

- 10.1 A summary of wider local government funding issues is set out below.
- 10.2 The Council was part of the 2018/19, 2019/20 and 2020/21 London Business Rates Pool. 2020/21 will be the final year of the pool as councils

in London have decided to discontinue the pool due to the volatility in business rates following the pandemic and possible reduction in business rates income. Therefore, Councils will return to the usual business rates shares for 2021/22 which will be 30% for Croydon, 37% for the GLA and 33% for Central Government.

- 10.3 **Levy/Safety Account** - As would perhaps be expected, given the level of uncertainty regarding 2020/21 business rates income, there was no announcement regarding the allocation of potential funds from the BRR levy/safety net account.
- 10.4 **Local Government Funding Reforms** - There were no additional papers published or mentioned relating to the local government funding reforms that are planned for introduction from April 2021 (i.e. Fair Funding, 75% Business Rates Retention, the full reset of the business rates baselines or the potential Alternative Business Rates Retention System).
- 10.5 **COVID-19 Support** - Further details have been published regarding the support for local authorities in 2021/22 for COVID-19. These are in the form of a policy paper that can be found by clicking [here](#). This funding is not included in the Core Spending Power figures. The paper covers the following areas.
- 10.6 **£1.55bn Grant Funding** - Details of the additional £1.55bn of COVID funding for 2021/22 is available [here](#). This will represent un-ringfenced grant support and uses the COVID-RNF developed in July 2020 and applied to the third tranche of funding announced in July (and retrospectively all four tranches in October 2020). MHCLG has indicated that they are aiming to make payments to local authorities in April 2021.
- 10.7 **£0.67bn local council tax support grant** - The government has indicated that it is providing this to broadly meet the additional costs associated with increases in local council tax support caseloads in 2021/22. The funding will be un-ringfenced and can be used to provide other support to vulnerable households, including through local welfare schemes.
- 10.8 MHCLG are proposing to distribute the £670m of grant funding based on working-age Local Council Tax Support caseloads in each billing authority's area, using data from quarter 1 and quarter 2 of 2020/21. They are also proposing to adjust this distribution, based on the ratio of the average bill per dwelling in the billing authority's area in 2020/21, compared to the average bill per dwelling in England in 2020/21. Using this distribution methodology, MHCLG hope to be in a position to make up-front lump sum section 31 payments directly to billing and major precepting authorities in April 2021. The funding allocations have not been published today, but MHCLG indicate that details of the provisional funding allocations will be published in due course.
- 10.9 Local tax income guarantee for 2020/21 (i.e. business rates and council tax deficits) - The government has also announced, as part of a consultative policy paper, the details of its proposed scheme for compensating for irrecoverable local taxation losses.
- 10.10 Sale, Fees and Charges Support MHCLG - are seeking views to continue

the current support for the first quarter of 2021/22 and continue to use 2020/21 budgeted income as the baseline to assess losses.

- 10.11 Other - MHCLG are proposing to continue (a more streamlined) COVID-19 financial impact survey and are also seeking views on priority areas for data collection going forward

11 Medium Term Financial Strategy (MTFS)

- 11.1 The Council last updated its Medium Term Financial Strategy [MTFS] and presented those plans to Council in October 2018. Best practice, set out in the CIPFA Financial Management Code, requires a three year MTFS to be prepared each year alongside the annual budget setting process to recognise future budget pressures and to allow planning for meeting identified pressures to be made in sufficient time to meet those challenges. This budget report meets those requirements by consideration of a three year position rather than just the following single year.

- 11.2 Work in refreshing the three year MTFS planning horizon from that previously agreed in October 2018 began at the start of summer 2020. Improvements to the process have included:

- a) planning for three years instead of a single year;
- b) the development of revenue proposal forms which include consideration not just the financial impact, but risks, impact on stakeholders and key milestones required for delivery, and budget holder sign-off;
- c) budget challenge sessions in both officer only and officer/member sessions;
- d) comparison of spending requirements and income generating budgets to benchmarking data across similar authorities;
- e) external review of significant budgets and change proposals by external bodies including the LGA, CIPFA and PWC; and
- f) the implementation of a monitoring process and system to continuously track the progress of savings proposals delivery across the Council, to be regularly reported to and reviewed by Corporate Leadership Team and members.

- 11.3 The outcome of the budget setting and MTFS processes undertaken over the last nine months has, subject to confirmation of the requested capitalisation direction support from MHCLG, delivered a balanced budget for 2021/22. Delivery of savings, the management of risk, and control of expenditure to live within proposed budgets set out throughout this report will be required to ensure that net overspends over next year's budget period are managed and mitigated.

- 11.4 The medium term (years 2022/23 and 2023/24) budget positions set out in this MTFS are predicated on central government support in relation to

Revenue Support Grant and Localised Business Rates remaining broadly unchanged except for inflationary increases and anticipated movements in taxbase. Deferred by ministers due to the covid-19 pandemic are proposals to review the operation of the local government funding regime and policy changes with regard to a Fair Funding Review, operation of the Localised Business Rates system; and a business property revaluation exercise are expected over the following years. The MTFS recognises these potential changes but assumes that whilst such individual funding streams may vary, the overall level of core funding will remain broadly neutral.

- 11.5 The Budget and MTFS position set out in this report provides a balanced budget position for 2021/22, but over the longer term sees further efficiencies that will need to be developed to balance future years (with or without further capitalisation direction requests) for which MHCLG have indicated they are unable to determine at this date as those years fall outside of the current Spending Review period. In order to provide sufficient time for such proposals to be developed and implemented, work will begin on refreshing the MTFS in the near future.

12.0 Corporate Assumptions - 2021/21 budget

Grants

- 12.1 As set out in section 2 of the draft settlement. There has been a number of changes in grant income that have to be taken into account in the 2021/22 budget.

Inflation

- 12.2 The budget for 2021/22 needs to take account of changes in the cost of living/inflation. A pay award of at least 2% for all staff has been assumed, although the unions have put in a substantially higher claim. Additionally a number of council contracts are subject to indexation each year. The MTFS has provided for £10.4m for contractual and pay inflation and this needs to be managed within the Council's overall budget. The overall increase in the budget for inflation for both the pay award and inflation will be held corporately and will then be allocated out to departments in year.
- 12.3 The council's capital programme assumes the taking out of new borrowing to fund projects that require debt. The assumption overall is that there will be borrowing of circa £60.4m in 2021/22 and an additional amount of £0.87m has been added to the revenue budget to fund the associated interest payments.

London Business Rates Pilot / Pool

- 12.4 Under the Localised Business Rates system, the council ordinarily retains 30% of the business rates collected from business premises within the borough and as such benefits from any growth above baseline funding levels. The Greater London Authority retaining 37% and the remaining 33% being returned to central government.
- 12.5 Pilot status was awarded to London boroughs, who collectively formed a business rates pool, in 2018/19 and 2019/20 which reduced the amount

of growth returned to MHCLG to 0% and then 25% in the two years respectively. This pilot status was withdrawn by central government for the current financial year and reduced the collective amount of benefit from business rate growth that was retained by London boroughs. That said, London boroughs continued to operate pooling arrangements in 2020/21 as, despite no benefit being derived from MHCLG receiving a smaller share, the pooling of Levy and Safety Net positions was forecast to deliver an overall benefit for London Boroughs.

- 12.6 The coronavirus pandemic has had a significant impact on the business environment across London and as a consequence total yield across the region is expected and forecast to reduce as a result of business failure and significant levels of appeals of rateable value due to material change in circumstances. The result of these changes has been to erode the potential benefit for London borough's to continue pooling and it has collectively been decided that a pool will not operate for the year 2021/22.
- 12.7 The 2020/21 budget for the Council assumed a pooling benefit of £0.5m, which is unlikely to now materialise as a result of the changes to the economic environment, but will be subject to final clarification pending completion of all London borough business rate accounts returns in May 2021. This reduction in previously estimated gains from pooling is reflected in both the current year forecast outturn position and built into MTFS assumptions.

Settlement Funding Assessment per head across London

- 12.8 Table 6 below shows the Settlement Funding Assessment per head for each London Borough (excluding the City of London) and shows Croydon ranked as 21st, receiving £237 per head in 2021/22, whereas neighbouring Lambeth will receive £447 per head. If Croydon were funded at the London average of £382 per head for 2021/22 it would receive an additional £56m.
- 12.9 Croydon has an average of £237 per head over the five year period; this compares to the London average of £382.

Table 6 – Settlement Funding Assessment per head

	(£'s)	(£'s)	(£'s)	(£'s)	(£'s)	(£'s)	(1-33)
	2017/18	2018/19	2019/20	2020/21	2021/22	Average	Rank
SFA (£ PER RESIDENT)							
City of London	2803.19	2707.54	2592.05	2615.05	2600.16	2663.60	1
Hackney	567.10	536.71	504.16	507.58	503.94	523.90	2
Southwark	523.22	493.58	462.34	465.95	463.12	481.64	3
Westminster	511.39	480.89	449.06	450.44	445.98	467.55	4
Islington	503.61	473.29	441.53	445.02	442.46	461.18	5
Tower Hamlets	497.65	464.45	430.64	429.71	423.30	449.15	6
Lambeth	483.89	457.53	429.06	434.19	433.14	447.56	7
Camden	482.60	448.27	413.31	414.34	409.95	433.69	8
Hammersmith And Fulham	470.61	442.40	412.25	415.59	413.22	430.81	9
Newham	455.88	431.84	406.39	409.86	407.84	422.36	10
Kensington And Chelsea	458.10	428.82	395.73	402.21	402.62	417.49	11
Lewisham	444.82	419.60	392.68	396.21	394.11	409.49	12
Haringey	425.52	401.98	376.18	381.46	381.12	393.25	13
Greenwich	417.07	392.27	366.25	368.46	365.53	381.92	14
Barking And Dagenham	389.83	369.19	347.05	350.81	349.67	361.31	15
Brent	378.43	356.01	332.13	335.69	334.53	347.35	16
Waltham Forest	357.71	335.72	312.27	315.65	314.59	327.19	17
Wandsworth	324.79	307.37	288.59	291.47	290.26	300.50	18
Ealing	312.92	293.84	272.88	277.72	278.40	287.15	19
Enfield	309.43	290.04	269.06	272.82	272.59	282.79	20
Croydon	263.98	244.57	223.78	226.72	226.27	237.07	21
Hounslow	250.42	232.06	212.50	215.25	214.89	225.02	22
Sutton	248.57	227.43	205.17	207.35	206.49	219.00	23
Redbridge	240.67	223.74	205.56	208.34	207.99	217.26	24
Merton	235.44	216.50	196.00	198.99	198.95	209.18	25
Hillingdon	208.68	190.56	171.73	173.51	172.78	183.45	26
Harrow	200.16	181.68	161.91	164.32	164.19	174.45	27
Barnet	199.57	180.21	160.07	161.32	160.19	172.27	28
Bexley	194.04	176.24	157.51	159.33	158.67	169.16	29
Havering	172.82	154.23	135.08	136.25	135.32	146.74	30
Kingston upon Thames	148.90	128.89	122.16	123.48	122.90	129.27	31
Bromley	141.30	124.24	113.14	114.34	113.74	121.35	32
Richmond upon Thames	124.60	109.73	111.71	112.99	112.52	114.31	33

13 Department Assumptions 2021/22 budget

13.1 Alongside the corporate assumptions that underpin the 2021/22 budget, work has been ongoing to ensure that departmental and service estimates are accurate. This is the key element of the budget where movement in resources between services can be identified. This reflects growth, savings and income. Appendix A sets out the detailed list of growth, savings and options across the four departments of the council. Table 7 below shows the movements within departments and at a corporate level from 2020/21 to 2021/22.

Table 7 – Cash Limit Movement

Department	Cash Limits 20/21	Growth	Savings	Other Movements	Capitalisation Direction	Cash Limits 21/22
	£M	£M	£M	£M		£M
Children, Families and Education	86.892	20.433	-9.433	-0.282	0.000	97.610
Health, Wellbeing and Adults	121.177	29.251	-17.494	0.000	0.000	132.934
Place	45.766	10.102	-12.759	-0.186	0.000	42.923
Resources	37.682	13.585	-4.982	0.468	0.000	46.753
Service Total	291.517	73.371	-44.668	0.000	0.000	320.220
Corporate Items	-291.517	26.879	-5.582	0.000	-50.000	-320.220

- 13.2 The projected department overspend in 2020/21 is £96.5m which includes all risks. The main areas of overspend are from demand led services, loss of income and unachievable savings as a result of the pandemic. Details of this can be found within the 20/21 Q3 Financial Performance Report which is a separate item on this Agenda.

14 Croydon Services

Children, Families and Education including UASC

- 14.1 Croydon's Children's Services were rated as good in February 2020, an outcome achieved through the successful implementation and deliver of the Children's Services Improvement Plan accompanied by significant additional resources allocated as part of the 2018/19 and 2019/20 Children's Social Care budgets in addition to one-off investment funding via the Council's Transformation Reserve.
- 14.2 2020/21 had been a year of consolidation of staffing requirements in the department, whilst the LA has reviewed the strategic action to be taken to ensure that there is sufficient accommodation for children and young people with who are looked after and for those leaving care, the budget allocation available for the current cohort of Croydon's looked after children (excluding UASC), care leavers and children with disabilities is insufficient to fund the accommodation required year on year. This pressure is reflected in the Quarter 3 financial monitoring reported to Cabinet.
- 14.3 In addition, the exceptional items reported to Cabinet in the Quarter 3 financial monitoring report relate to UASC, NRPF and Appeal Rights Exhausted (ARE). We are continuing to engage in positive dialogue with various government departments to mitigate this financial burden. As stated, the UASC pressure is as a result of the number of UASC remaining in Croydon, above the National Transfer Scheme rate of 0.07% of the borough's child population, together with the failure to recognise the gateway authority-specific costs and the sheer number of former UASC

who have remained as care leavers until they reach the age of 25 years old. Whilst our numbers of UASC are decreasing, direct and indirect service provision costs are not decreasing at the same rate.

- 14.4 The Home Office increased the rates of reimbursement from April 2020 to £240 per care leaver per week and £143 per child per night for those LAs supporting UASC at, or in excess of, 0.07% of their child population, as at 31 March 2020.
- 14.5 The total 2020/21 forecast cost of Asylum seeking children and care leavers for the Council is £5.3m and includes Children's Social Care costs, along with costs associated with education and health for these young people. Modelling indicates that if the number of children and young people in the council's care remains the same the numbers will reduce to 0.07% by 2031-32. Until that time Croydon is accommodating asylum seeking children and young people at an annual cost of between £5.4m - £6.7m. Support from the Department for Education and the Home Office is being sought to secure a solution that addresses the disproportionate financial burden on Croydon council now and in future years.

Health, Wellbeing and Adults

- 14.6 Adult social care continues to be under pressure nationally and locally. In Croydon, Adult Social Care has continued to see increases in demand for services above budget and there is a projected net overspend as at Q3 of £21.3m in 2020/21. Areas of significant overspend continues to be in 25-65 Disability Service and Older People and following agreed in year savings, overspends are £11.7m and £4.8m respectively. This is the result of inherent pressures within the budget, additional costs due to the Covid-19 pandemic, in addition to rising demand in Domiciliary Care, Nursing and Residential placements where there is an increase in placement costs and complex cases which are exacerbated by Covid-19. The service has had a strong partnership with health during the pandemic. Ensuring that people are moved efficiently from a hospital setting to the most appropriate follow on care setting in the community.
- 14.7 On the advice of the Local Government Association (LGA) finance lead, the council aims to set a revised budget to reflect current activity in Adult Social Care. In 2021/22, £28.9m growth has been allocated to match current demand and allow for in year demographic growth. The long term impact of Covid -19 is currently unknown nationally and may adversely impact social care expenditure in future years. To mitigate the increasing costs in Adult Social Care, the council is committed to reducing spend by changing the way social care is delivered and live within available resources. The council is working with social work practice and finance leads from the LGA and have accepted their view that Croydon's spending on younger and older adults is significantly higher than that of comparable boroughs. Therefore, by reducing spend in line with the average level of spending in London or England as appropriate, there is scope to make significant savings in the medium term, following the budget being set at the right level to match current activity. Savings and change programmes are being developed with key LGA guidance taken into consideration.

Housing Assessment and Needs

- 14.8 The number of households supported by the Emergency and Temporary Accommodation teams has continued to rise. It is expected that the short to medium term will see a further influx in numbers as the temporary hold on evictions due to Covid-19 is lifted. Ring-fenced funding from MHCLG is continuing in the form of the £7.2m Homelessness Prevention Grant, replacing two previously issued grants. This grant will be split between funding accommodation and prevention work to minimise numbers of residents entering the service. The council is also working on reviewing housing contracts, including supported housing, emergency accommodation and temporary accommodation. This is expected to lead to a new strategy for temporary accommodation, new routes to purchase private sector housing and new contracts for the provision of supported housing.

Place and Resources

- 14.9 The Place directorate continue to face challenging budgetary pressures for 2020-21 as a result of Covid-19. The service is showing a reduced level of income collection in the Parking division following government advice for travel to be reduced to a minimum for most of the year. The reduced level of transactions processed has impacted on the projected income from parking.

The new Private Landlord Selective Licensing Scheme which was supposed to be operative from October 2020 to mark the commencement of the five year scheme for private landlords is not going ahead in 2020-21. This is largely due to the delay in MHCLG approving the scheme to be fully operational this financial year (2020-21). The service is looking into strategies to mitigate overspends in year by aligning its workforce and resources to the delivery of its objectives. In 2021-22, the budget for Selective Licensing is amended to reflect a delay in the start of the scheme to October 2021.

Corporate Budget

- 14.10 The corporate budget consists of the council's central costs that are not distinguishable across any specific Directorate.
- 14.11 The Corporate Budget provides for various strategic income and expenditure items such as income from general Grants, Investment income, Levies, minimum revenue provision and financing costs. The total net Corporate Budget is £270.220m.

Savings and Growth

- 14.12 The full list of savings and income options included in the 2021/22 budget are set out in Appendix A.
- 14.13 The Council has set up a Steering Board that will oversee the delivery of these Savings over the course of 21/22. Each saving options has a designated Project Manager (PM) and a Senior Responsible Officer (SRO) who will be held accountable to deliver savings assigned to them.

- 14.14 Table 8 below provides an indication of the savings and growth that has been allocated to each Directorate.

Table 8 – Growth and Savings per Directorate

		2021/22 £m	2022/23 £m	2023/24 £m	TOTAL 2021/24 £m
Children, Families and Education	Savings	-9.433	-4.694	-2.296	-16.423
	Growth	20.433	0.085	0.077	20.595
Health Wellbeing and Adults	Savings	-17.494	-10.745	-9.505	-37.744
	Growth	29.251	6.919	6.880	43.049
Place	Savings	-12.759	-7.378	-3.513	-23.650
	Growth	10.102	0.800	1.000	11.902
Resources	Savings	-4.982	-1.693	-1.277	-7.952
	Growth	13.585	-0.720	-0.863	12.002

15 Local Taxation Charge for 2021/22

- 15.1 The council tax change for the Croydon element of the charge for 2021/22 is recommended to be **4.99%** in accordance with Appendix D of the report.
- 15.2 This decision includes a 3.0% increase for the Government's' adult social care precept that was approved as part of the Local Government Finance Settlement. This is contained in Appendix C, with the Band D effect shown in table 9 below.

Table 9 – Local Taxation for 2021/22

Band D	2021/22 £	Increase %	Annual Increase £	Weekly Increase £
Croydon	1,354.02	1.99%	28.9	0.56
Adult Social Care Precept	170.47	3.00%	43.56	0.84
Total	1,524.49	4.99%	72.46	1.39

- 15.3 Table 10 gives details of both the increases to the Croydon element of the council tax and the Adult Social Care precept over the last 4 years and the increase being recommended for 2021/22.

Table 10 – Croydon Council percentage increase since 2018/19

	2018/19	2019/20	2020/21	2021/22
Croydon Council Percentage change	2.99%	2.99%	1.99%	1.99%
Adult Social Care Precept	2%	1%	2%	3%

- 15.4 Alongside grant income, local taxation is the other major income stream

that impacts on the budget setting of the council. The Collection Fund accounts for taxation from Council Tax and Business rates. Further detail can be found in Appendix B.

Council tax

- 15.5 Budgeted Council Tax revenues for 2020/21 are £193m and comprise 69% of the Council's overall Net Budget Requirement for this year of £277m – the balance of funding being derived from localised business rate income and Revenue Support Grant [RSG]. The charge for 2020/21 saw a maximum increase of 3.99% (1.99% General Demand increase and 2.00% increase through an additional Adults Social Care Precept) that was permitted and assumed in government's Core Spending Power assessment of local government funding without breaching the general level of increase that would have required a referendum to be held for the increase. The Band D charge of £1,524.49 (excluding the GLA precept of £363.66) is the fifth highest charge amongst London Boroughs.
- 15.6 Budget proposals set out in this report assume and recommend that the Council Tax charge is increased in 2021/22 by the maximum allowed under government regulations without triggering the need to hold a referendum on the increase. For 2021/22 those limits are 1.99% General Demand increase and 3.00% Social Care Precept – a total of 4.99%. Any higher proposed increase would require a referendum to be held at the Council's expense, unless permission were sought from the Secretary of State for a higher threshold for Croydon than currently set out in regulations.
- 15.7 The 4.99% increase outlined in the paragraph above would see the annual charge on a Band D property increase by £28.90 per year for the General Demand whilst the Social Care Precept increase of 3.00% adds £43.56 – collectively an increase of £72.46 and equivalent to £1.39 per week for a Band D Council Tax payer. In addition, the GLA has proposed a 9.51% increase for its General and Metropolitan Police charges. Collectively these proposed increases would result in a total Band D charge of £1,888.15 – an increase of £104.05 (5.83%), equivalent to £2.00 per week increase for a Band D household with two or more residents. The following table illustrates the composition and the impact of the proposed changes on each property banding.

Table 11: Change in Council Tax charge

Band	Band D Ratio	2020/21 Charges				2021/22 Charges				Weekly Change	
		General Demand (£'s)	Social Care (£'s)	GLA Precept (£'s)	Total Charge (£'s)	General Demand (£'s)	Social Care (£'s)	GLA Precept (£'s)	Total Charge (£'s)	Croydon (£'s)	GLA (£'s)
A	6 9ths	883.41	84.61	221.38	1,189.40	902.68	113.65	242.44	1,258.77	0.93	0.41
B	7 9ths	1,030.65	98.71	258.28	1,387.63	1,053.13	132.59	282.85	1,468.57	1.08	0.47
C	8 9ths	1,177.88	112.81	295.17	1,585.87	1,203.57	151.53	323.25	1,678.35	1.24	0.54
D	9 9ths	1,325.12	126.91	332.07	1,784.10	1,354.02	170.47	363.66	1,888.15	1.39	0.61
E	11 9ths	1,619.59	155.11	405.86	2,180.57	1,654.91	208.35	444.47	2,307.73	1.70	0.74
F	13 9ths	1,914.05	183.31	479.66	2,577.03	1,955.81	246.23	525.29	2,727.33	2.01	0.88
G	15 9ths	2,208.53	211.52	553.45	2,973.50	2,256.70	284.12	606.10	3,146.92	2.32	1.01
H	18 9ths	2,650.24	253.82	664.14	3,568.20	2,708.04	340.94	727.32	3,776.30	2.79	1.22

- 15.8 The amount raised in Council Tax receipts for the Council is a function not only of the Band D charge itself, but the number and composition of properties eligible to pay the charge. This quantum is referred to as the “Taxbase” and was required to be determined and notified to precepting bodies by the 31st January 2021. Having made that determination, any further changes to that assumed quantum are, by way of required technical accounting adjustments, withheld from impacting next year’s General Fund revenue position, instead being held in an unusable collection fund adjustment reserve until the following year.
- 15.9 The estimated taxbase for 2020/21 was determined in January 2020 to be 132,729.4 Band D equivalent properties (after adjusting for the estimated number of properties in each banding; relevant discounts and exemptions; and anticipated collection rate). The equivalent number of properties for 2021/22 has been estimated to be 129,940.8 Band D equivalents – a decline of 2,788.6.
- 15.10 The change in taxbase is predominantly the result of anticipated growth in property numbers not materialising as originally assumed, but is also impacted by the number of householders becoming eligible for discounts due to their economic circumstances and reduced collection rates – all of which have been significantly impacted by the coronavirus pandemic.
- 15.11 The decline in projected number of Band D equivalent properties has an impact on the base budget for 2021/22. At the current 2020/21 Band D charge for Croydon (£1,452.03), a fall of 2,788.6 in the taxbase sees a reduction of £4.0m in income derived from Council Tax. However, the proposed increase of 4.99% in the Band D charge for the Council offsets this fall with the General Demand Increase (£28.90) and Social Care Precept (£43.56) respectively generating an additional £3.8m and £5.7m.
- 15.12 Taken collectively, the impact of the proposed Council Tax charge increases and change in taxbase see the current budgeted income from Council Tax of £193m increase by £5m in 2021/22 to £198m.
- 15.13 In setting out forecasts over the longer three-year MTFs planning horizon, future years Band D charges are assumed to increase by 1.99% year-on-year in accordance with current year referendum limits (and at Bank of England target inflation rate) whilst taxbase growth is assumed to return to a higher level (last four year average) and collection rates also trend back up to 98.5% as the impact of the coronavirus pandemic diminishes. The MTFs assumptions see future increases in net yield of £8m and then £7m in 2022/23 and 2023/24 as a result.
- 15.14 As referred to earlier in this section, technical accounting adjustments required under regulations ensure that any deficit in Council tax receipts actually chargeable to that forecast at the start of the year are offset and thus impact in the future year. These adjustments are held in the unusable reserve Collection Fund Adjustment Account. The lower than previously anticipated growth in the taxbase during 2020/21, as well as seeing a detrimental impact in receipts in 2021/22, also has an adverse impact on the 2020/21 position and results in a deficit in the Collection Fund. This is ordinarily recovered as an adjustment in the following year, but recent

regulations allow and require the 2020/21 deficit to be recovered over a three rather than one year period.

- 15.15 However, one-off additional grant funding has recently been announced as part of government funding to local councils for covid impacts which will mitigate deficit that would otherwise be seen. Collectively these adjustments see a £0.9m additional pressure on the budget position next year which remains over the three-year life of the MTFS due to the three-year spreading arrangements introduced by the latest amended regulations.

Projected Collection Fund Surplus / Deficit

- 15.16 Council Tax and Business Rate income is collected by the Council as the Billing Authority on its own behalf and the GLA (and in the case of business rates a 33% share for central government). All income and costs, such as write-offs; refunds and appeals repayments, are in the first instance credited to the Collection Fund account – an unusable reserve in the Council's balance sheet and distributed by means of precepts by the relevant bodies on that account.
- 15.17 Substantially as the result of the impact of the Covid-19 pandemic, the growth in the number of residential properties has seen fewer properties added to the Council Tax property list in the current year as well as declining collection rates that has led to the need to increase bad debt provisions at year end for potential losses. Similarly, in-year business rate yield has been impacted by the number of properties being declared vacant (and subject to three-month empty property relief) and the level of appeals against property valuations increasing leading to refunds where successful and provisions for those still pending determination by the Valuation Office Agency. In both cases these circumstances have led to forecast deficits for the current financial year.
- 15.18 Technical adjustment required under statute require that the amounts estimated to be distributed in any financial year represented the amount originally budgeted to be distributed and any in-year surplus or deficit is retained within the Collection Fund account and impact on general reserves in the following financial year. In-year deficits caused by factors outlined above, whilst not impacting on the current year General Fund budget thus affect next year's budget position.
- 15.19 Recognising the impact the current Covid-19 pandemic has had on all local authority positions with regard to both Council Tax and business rates, additional statutory regulations have been issued to require significant elements of any in-year deficit to be held in the Collection Fund and spread over a three year period rather than the usual one year – the re-phasing of these deficits are included in the proposals set out in this Budget Setting and three-year MTFS report.
- 15.20 The total projected deficit on the Council Tax element of the Collection Fund was estimated to be £9.167m and notified to preceptors on 25th January 2020. Croydon's share of that deficit is £7.458m – being spread over three years being 2.503m per year. A final variance on the 2019/20 outturn of £0.052m reduces the net transfer in 2021/22 only.

15.21 Against a 2020/21 base budget Croydon share of a deficit of prior year business rates Collection Fund deficits, an increase of £0.185m to a total of £1.910m. Under regulations this element cannot be spread over three years and becomes a one-off charge in 2021/22. In addition, a further £2.391m deficit has been forecast which is spread over three years, representing an annual cost over the MTFS period of £0.797m.

16.0 Greater London Authority Precept 2021/22

16.1 On 15th December 2020, the Mayor of London announced his provisional proposal to increase his share of council tax by 1.99%, £6.64. This was revised on 12th January 2021 to 9.5%, £31.59 of which £15 will go towards helping fund the Metropolitan Police and £15 for Transport of London subsidies for children and over 60s. The remaining £1.59 per-household would go towards helping the fire service respond to changes recommended by the Grenfell Tower inquiry.

In order to implement the proposed increases for TfL, the GLA requires approval from the government to amend its referendum limits as the increase would be greater than its current 2% limit before a referendum was required.

16.2 This overall resultant council tax increase is set out in table 12 below.

Table 12– Local Taxation increase and the GLA Tax increase

Band D	2021/22	Increase	Annual Increase	Weekly Increase
	£	%	£	£
Croydon	1,354.02	1.99%	28.9	0.56
Adult Social Care Precept	170.47	3.00%	43.56	0.84
Greater London Authority	363.66	9.50%	31.59	0.61
Total	1,888.15	5.83%	104.05	2.00

16.3 The overall increase on the total bill for the residents Croydon is 5.83%.

17.0 DSG CROYDON

17.1 In 2019, the government announced additional in education funding over a three year period from 2020/21 and national schools funding will increase by £4.8 billion in 2021/22 and £7.1 billion in 2022/23 compared to funding levels in 2019/20. In addition, funding continues to be provided to fund the recent increase in pension costs for teachers, worth £1.5bn a year.

17.2 Croydon's DSG allocation has increased accordingly and in 2021/22, Croydon will receive £390.567m in funding through the Dedicated Schools Grant (DSG), an increase of £25.3m in funding, of which £12.9m relates

to the teacher's pay and pension grant element, or 6.9% since 2020/21, compared to 6.6% increase across London and 8.1% nationally.

- 17.3 The increase in funding from 2020/21 follows a decade of real term reductions in per pupil funding for statutory school aged pupils (5 – 16 years old). In January 2020, the Department for Education (DfE) released trend data on school revenue funding revealing that the total amount of funding through specific grants¹, in cash terms, allocated to English schools for 5-16 year olds had grown over the last nine years as the total pupil population has grown. The total funding allocated to schools was £44.5 billion in 2019/20, an increase of 27.4% compared to the £35.0 billion allocated in 2010/11.
- 17.4 Total funding also grew over this time in real terms (adjusted for price changes using the GDP deflator), increasing by 8.8%. Funding increased in real terms in each year during that period with the exception of a slight fall in 2016/17 compared to 2015/16.
- 17.5 On a per-pupil basis the total funding allocated to schools for 5-16 year olds, in cash terms, in 2019/20 was £5,940, a 14.8% increase compared to £5,170 allocated per pupil in 2010/11. In real terms, funding per pupil was broadly flat between 2010/11 and 2015/16 at just over £6,000 in 2019/20 prices. It then fell by 4.2% over 2016/17 and 2017/18, but subsequently increased by 1.9% over 2018/19 and 2019/20, in part as a result of additional funding provided in respect of teacher pension employer contribution costs.
- 17.6 Over a shorter period, in cash terms Croydon's per pupil funding increased to £6,166 in 2019/20, a 7.1% increase compared to £5,757 allocated for statutory school age pupils in 2013/14. In real terms, funding per pupil over the same period fell by 3%. Since 2019/20, with the exclusion of the teacher's pay and pension grant element, per pupil funding has increased to £6,831, a 10.7% increase since 2019/20. Croydon's total DSG (excluding the Early Years Block) changes, in cash and real terms, since 2018/19 is summarised in the table 13 below.

Table 13- Funding per pupil

DSG Block	2018/19 £'m	2019/20 £'m	2020/21 £'m	2021/22 £'m
Schools	243.87	247.51	262.96	269.16
High Needs	60.21	61.09	66.8	72.40
Central School Services	6.18	6.12	5.83	5.97
Total DSG (exc Early Years)	310.26	314.72	335.59	347.53
Pupil numbers	50,777	51,037	51,023	50,875
Per pupil funding	£6,110.29	£6,166.47	£6,577.45	£6,831.09
Funding change	2.50%	0.90%	6.70%	3.90%
Inflation (CPI)	2.70%	2.50%	1.80%	0.90%
Real terms funding change	-0.20%	-1.60%	4.90%	3.00%

Dedicated schools grant (including the schools block, most of the high needs block and the central school services block (CSSB); but excluding the early years block and post-16 funding in the high needs block); Pre-16 high needs place funding in non-maintained special schools, special and alternative provision free schools; Pupil premium; Supplementary free school meals grant; Teachers' pay grant (TPG); and Teachers' pension employer contribution grant (TPECG).

Schools Block

- 17.7 The Schools Block 2021/22 allocation is £281.313m (before recouPMENT), which is an increase of £18.35m since 2020/21 mainly due to the inclusion of the teacher's pay and pension grant element of £12.154m and to accommodate the overall increase in Education funding for 2021/22.
- 17.8 The minimum funding guarantee (MFG) will continue to be applied, hence every school or academy will see an increase in funding of at least 0.5% per pupil compared to its 2020/21 budget (this excludes sixth form funding). MFG protects schools' budgets from large changes in funding based on factor changes. It protects on a £/per pupil basis. This means it will not protect a school against falling roll numbers.
- 17.9 The NFF provides two per pupil funding rates, one for primary pupils and one for secondary pupils. In 2021/22, the respective funding rates are £4,821 and £6,433. The 2020/21 rates per pupil were £4,505 for primary pupils and £5,987 for secondary pupils. Croydon is, on a per pupil basis for primary and secondary pupils, ranked 23rd out of 32 London boroughs. This ranking has risen by one place since 2020/21. Although Croydon has seen an increase in its funding allocation, boroughs nearest to us have also received an increase. This results in the continuation of the gap between how much extra a pupil in our nearest inner London neighbours is funded compared to Croydon.

Early Years

- 17.10 The Early Years 2021/22 indicative allocation is £30.108, an increase of £0.352m since 2020/21 again mainly to accommodate the overall increase in Education funding for 2021/22. The final allocation will be adjusted following the January 2021 census.
- 17.11 The Early Years block allocation for Croydon is based on a nationally set rate of a:
- £5.21 hourly rate for three and four year olds; and
 - £5.74 for two year olds
- This has increased from funding rates of £5.13 and £5.66, respectively.

The proposed rates based on the indicative 2021/22 allocation remain as they were in 2020/21 at:

- £4.87 for three and four year olds; and
- £5.74 for two year olds

High Needs

- 17.12 Funding for High Needs provision continues to be area of increased budget pressure nationally and Councils including Croydon have developed Special Educational Needs and Disability (SEND) strategies to

ensure services are delivered efficiently and effectively to meet demand and need. Croydon Council has reviewed SEND demand, practice and provision and engaged with stake-holders, including parents, young people and schools to inform the development of five year SEND Strategy that was implemented in 2019/20.

- 17.13 The High Needs 2021/22 allocation is £73.1m, which is an increase of £6.586m since 2020/21, including the teacher's pay and pension grant element of £0.696m. This allocation is based on the October 2020 census, with further adjustments to be made for January 2021 census.
- 17.14 At as the end of 2019/20, the High Needs block forecast overspend was £18.477 m (including previous years overspends). The 2020/21 Quarter 3 High Needs Block forecast overspend is £4.575m, bringing the cumulative High Needs deficit to £23.052m.
- 17.15 The budget pressures are principally attributable to the increase in demand, which has led to an over-reliance on the independent / non-maintained sector, due to shortage of local state funded special schools and / or resourced provision. This is being addressed and a strategy developed to move to a more sustainable framework. Table 14 below illustrates the increase in the number of Education and Health Care Plans compared to the increase in High needs funding since the introduction of the EHCP regulations in 2014/15.

Table 14 Impact of EHCP regulations

Year	Funding £'m	Funding Change	Number of EHC Plans	Percentage increase in number of EHC Plans	Percentage of Total Pupils
2014/15	48.90		2,044		4.5%
2015/16	51.41	5.1%	2,074	1.5%	4.5%
2016/17	51.24	-0.3%	2,217	6.9%	4.8%
2017/18	51.63	0.8%	2,491	12.4%	5.0%
2018/19	58.82	13.9%	2,693	8.1%	5.3%
2019/20	60.21	2.4%	2,999	11.4%	5.9%
2020/21	66.80	10.9%	3,163	5.5%	6.2%

The increase in 2021/22 will mean there will have been a 30.4% real terms increase in funding since 2014/15. However, over the same timescale, we will have seen an increase in EHC plans of over 53%

- 17.16 Croydon Council has a long term plan to increase special schools, Enhanced Learning Provision and post 16 specialist places, including a new free special school with 150 places opening in September 2020. Through this strategy the intention is to provide an effective pathway of local education provision for young people which is an efficient use of resources and supports young people in becoming independent in or near their local community.
- 17.17 That, together with an approach that manages reliance on Education, Health and Care Plans (EHCP) for children with lower levels of SEND, reduces demand and ensure placements of children are delivered through

the continuum of state-funded education provision at efficient values. The increase in the number of EHCP plans following the change of regulations has also had a financial impact on the Council's revenue budget providing home to school transport, with cost rising annually.

- 17.18 The increase in EHCPs has a direct correlation on the increase in students eligible for travel assistance.

Table 15– Analysis of SEN

Academic year	Number of students with EHCPs	Number of students on Traditional transport	Number of students on a PTB	Number of students travel trained
2015/2016	2406	1121 not including post 16	79	41
2016/2017	2691	1127 not including post 16	84	56
2017/2018	2783	1156 not including post 16	88	63
2018/2019	2940	1203 not including post 16	96	24
2019/2020	3163 (to date) plus approx. 35 pupils on assessment places *	1258 (+ 100 post 16)	105 to date	12 to date

*pupils who were given specialist provision on an assessment place and not registered as having an EHCP but still eligible for transport.

- 17.19 A number of Innovative strategies continue to be implemented to try and deal with the unprecedented demand for SEN travel assistance which include
- Investment in our in-house travel training service, gaining an excellent reputation from other boroughs
 - Route sharing with neighbouring boroughs
 - Amendment of Croydon's post-16 travel policy in 2019 following a detailed consultation process which allows for the default position of a personal transport budget for 16-18 year old eligible students who are not suitable for independent travel training
 - The Promotion of Personal transport budgets
 - Review of high cost, complex cases
 - Joint strategic working with SEN, Schools and parents (placement decisions)

Central Services Schools

- 17.20 In 2018/19, the NFF created a fourth block within the DSG called the Central Services Schools Block (CSSB). This block is made up of two parts – Reported spend on Ongoing Functions and Reported spend on Historic Commitments.

17.21 Ongoing Functions

The Reported spend on Ongoing Functions includes services such as School Improvement and Education Welfare, totals £2.833m, including £0.08m for the teacher's pay and pension grant element.

The 2021/20 allocation for ongoing functions (without the pay and pension adjustment) has reduced by £0.079m based on a reduction in the CSSB unit of funding decreasing by 2.5% year on year from £55.49 per pupil in 2020/21.

17.22 Historic Commitments

The reported spend on Historic Commitments consists of the prudential borrowing costs for SEND provision (£3.0m) and historic teacher pension costs (£0.213m), totalling £3.213m and has remained the same allocation as 2020/21.

17.23 The Education and Skills Funding Agency (ESFA) has a previously stated policy of reducing the funding that LAs receive for historic commitments made prior to 2013/14 and each year, the LA has made (successful) representations to the ESFA to maintain the current level of funding due to the impact on the General Fund of any reduction – particularly on the prudential borrowing costs of a capital programme with a pay-back period of 10 years (up to 2025/26). The ESFA have not yet determined how they will continue to unwind this in future years and commit to ensuring information about future years will be provided with as much notice as possible.

17.24 The 2021/22 budget for the Schools, Early Years, High Needs and Central School Services Blocks has been agreed by Schools Forum. The Schools Block funding formula was approved by Cabinet on 18th January 2021 and submitted to the DfE on the 20th January 2021 using the budget principles agreed by Schools Forum over the autumn period. Once agreed by the DfE the detailed school budgets will be finalised and these will be issued to schools in March 2021.

DSG Management Plan

17.25 As a condition of the 2021/22 DSG, LAs with an overall DSG deficit of one per cent or more at the end of the previous financial year are required to submit recovery plans for that deficit and Croydon submitted the original DSG Deficit Recovery Plan to recover the 2018/19 in-year High Needs Block deficit (£5.611 million) over a five year period to the DfE, as agreed with the School Forum and Chief Finance Officer and endorsed by this Sub Committee in July 2019.

17.26 The five-year recovery period is in line with the five year SEND strategy with key areas to be targeted. The intention is to improve our SEND provision while reducing the expenditure in order to ensure that we can fulfil our statutory duty to be meet the needs of all pupils with special education needs.

- 17.27 In response to the request from the DfE (30th October 2019) to revise the plan in light of the additional DSG funding announced for 2020/21, a revised DSG Recovery Plan was presented and noted by the School Forum on 9th December 2019 and subsequently submitted to the DfE. The DfE has not responded to this revision.
- 17.28 The DfE letter of response informed Croydon that as the High Needs Block allocation for 2020/21 would be increased and that subsequent year's allocations for 2021/22 and 2022/23 were under review, the Council would need to review and revise the previously submitted recovery plan.
- 17.29 More recently, a new template and accompanying guidance for a [DSG Management Plan](#) was released in September 2020 and the DfE has, again, recognised that the management of DSG balances, both bringing spend in line with income and repaying deficits, will take time for some LAs. Croydon is currently revising their existing DSG Recovery Plan and in accordance with the template accompanying that guidance will be planning to bring the High Needs Block expenditure within the High Needs Block funding allocation by Year 3 (2023/24) with recovery of the cumulative deficit to follow in future years.
- 17.30 In October 2020, the Council's external auditor, Grant Thornton, in issuing a Report in the Public Interest (RIPI) concerning the Council's financial position and related governance arrangements, highlighted concerns in respect of not managing the Dedicated School Grant within existing budgets.
- 17.31 The Council fully accepts the findings of the Report and the recommendations that have been made, including Recommendation 5 that the General Purposes and Audit Committee (GPAC) should receive reports on the actions being taken to address the Dedicated Schools Grant deficit and challenge whether sufficient progress is being made.
- 17.32 To implement the action plan in response to those recommendations, specifically in respect of the DSG deficit, the LA will report the progress against the DSG deficit management plan to the School Forum, in accordance with DfE guidance and as set out above, as an additional level of scrutiny prior to the progress being reported, more generally, to Cabinet as part of the usual quarterly budget monitoring report and more specifically to the General Purposes and Audit Committee (GPAC) in adherence to the specific recommendation of the Report.
- 17.33 The DSG management plan will be presented to the School Forum on 8th February, prior to approval and submission to the DfE, followed by GPAC on 4th March 2021.

18 Capital Budget – 2020/21 to 2023/24

- 18.1 The Council's draft Capital Programme was presented to Cabinet on 18th January 2021. It was noted that in order to move the Council to a financial sustainable footing, work continues on reviewing operational and service delivery costs to bring them to a more appropriate level and this approach applies to the Capital Programme it better reflects the Council's priorities in light of its ongoing financial challenges.
- 18.2 Whilst the 18th January Cabinet report presented a draft capital programme, this report provides the final confirmed capital programme report. Furthermore, this report also provides for the Housing Revenue Account (HRA) Capital programme, which is further detailed within Table 17 and Section 18.24.
- 18.3 The Council has worked to re-align the capital programme to ensure that it is in proportion to its corporate priorities in light of the current financial challenges. Council will need to prioritise delivery of the Capital Programme based on affordability and critical needs. Other projects which are already in progress will be scaled back accordingly. The projects within the capital programme in para 18.8 which are funded from borrowing will be subject to further review, in the light of the impact on the Council's revenue budget and no contractual commitment should be entered into until a review of revenue affordability has been concluded
- 18.4 The Capital Programme is typically made up of recurring key projects and programmes linked to the Council's statutory duties such as highways maintenance programme and the Education Estates maintenance Programme. It also includes various upkeep of the Council's own assets such as digital infrastructure, the corporate property Programme. Whilst these are not statutory this spend is important to ensure that the Council's infrastructure is repaired and maintained to protect the value of these assets and ensure they are fit for purpose to deliver vital services to the public.
- 18.5 As indicated in para 18.3 a large proportion of the Capital Programme is funded using borrowing. There is a direct impact of additional borrowing on the Council's revenue account from borrowing as the Council will need to pay for interest costs that arise from taking on borrowing. In addition, as per the Local Government Act 2003, all Local Authorities are required to provide for Minimum Revenue Provision within its MTFS, which as becomes an additional charge to the Revenue account. Both these costs are factored within the interest payable & MRP line within the corporate budgets. The Council will work with the GLA to seek further grant funding to support the acquisition of Brick by Brick properties and thus reduce reliance on borrowing.
- 18.6 As part of the Council's regular budget monitoring requirements the Council will provide regular updates on the progress of the delivery of the capital programme.
- 18.7 Table 16 below provides a detailed breakdown of various schemes per Directorate.

Table 16 – Capital Programme

Description	Budget 2021/22	Budget 2022/23	Budget 2023/24	Total Budget 2021/24
	£000s	£000s	£000s	£000s
DFG	2,400	2,400	2,400	7,200
Empty Homes Grants	500	-	-	500
Bereavement Services - burial land	600			600
Bereavement services – crematorium	465	-	-	465
Health, Wellbeing and Adults	3,965	2,400	2,400	8,765
Education – Fire Safety Works	1,200	300	-	1,500
Education – Fixed term expansion	260	34	-	294
Education – Major Maintenance	2,945	3,000	3,000	8,945
Education – Permanent Expansion	180	44	-	224
Education – Special Educational Needs	8,892	352	555	9,799
Education – other	200	-	-	200
Children, Families and Education Sub Total	13,677	3,730	3,555	20,962
Asset Management	155	-	-	155
Clocktower chillers	462	-	-	462
Corporate Property	2,000	2,000	2,000	6,000
Feasibility Fund	330	330	330	990
Fieldway Cluster (Timebridge community centre)	121	-	-	121
Grounds Maintenance Insourced Equipment	1,200	-	-	1,200
Leisure centre invest to save	140	70	-	210
Libraries Investment	1,610	-	-	1,610

Measures to mitigate travellers	73	73	73	219
Museum archives	100	-	-	100
Parking	475	475	-	950
Play equipment	815	-	-	815
Safety - Digital Upgrade of CCTV	655	-	-	655
SEN Transport	1,275	-	-	1,275
Signing	112	-	-	112
South Norwood Regeneration	53	849	74	976
Waste and Recycling	1,558	-	-	1,558
Waste and Recycling - Don't Mess with Croydon	768	-	-	768
Place sub-total	11,902	3,797	2,477	18,176
ICT Refresh & Transformation	6,200	6,200	6,200	18,600
People ICT Programme	1,521	-	-	1,521
Uniform ICT upgrade	-	-	3,719	3,719
Finance and HR System	400	-	-	400
Resources sub-total	8,121	6,200	9,919	24,240
Highways	17,231	8,051	0	25,282
Electric Vehicle Charging Points	500	-	-	500
Growth Zone	4,000	0	0	7,500
Asset management - Stubbs mead	3,132	-	-	3,132
Total	24,863	8,051	0	32,914
General Fund	62,528	24,178	18,351	105,057
MHCLG capitalisation direction	50,000	25,000	5,000	80,000
Total Including Capitalisation	112,528	49,178	23,351	185,057
Major Repairs and Improvements Programme	26,771	26,771	26,771	80,313
Special Transfer Payments	180	180	180	540
BxB Properties Acquired	54,535	0	0	54,535
HRA Total	81,486	26,951	26,951	135,388
Capital Programme Total	194,014	76,129	50,302	320,445

Table 17 DRAFT Capital Programme Resourcing 2021/22 to 2023/23

	Budget 2021/22	Budget 2022/23	Budget 2023/24	Total MTFS budget
	£000s	£000s	£000s	£000s
Borrowing	36,497	10,687	5,722	52,906
Borrowing – GZ	4,000	0	0	7,500
S106	771	-	-	771
CIL	6,800	6,800	6,800	20,400
School Condition Allocation	4,145	3,300	3,000	10,445
Special Provision Capital Funding	897	152	355	1,404
Basic Need Funding	640	78	-	718
ESFA	5,003	-	-	5,003
Other grant – DFG	2,400	2,400	2,400	7,200
Other grant - Football Foundation				0
Other grant - London Marathon				0
Other Grant - ORCS	300	-	-	300
Historic England	374	511	74	959
Other grants – GLA	701	250	-	951
Total Funding	62,528	24,178	18,351	105,057
MHCLG capitalisation direction	50,000	25,000	5,000	80,000
Total General Fund Funding after Capitalisation	112,528	49,178	23,351	185,057
Major Repairs Allowance	13,668	21,209	21,209	54,924
HRA - Revenue Contribution	8,186	1,742	1,742	14,484

HRA - Use Of Reserves	19,805	4,000	4,000	27,805
GLA Funding of BxB Properties	8,500	0	0	8500
Borrowing BxB Properties	31,327	0	0	29675
HRA FUNDING	81,486	26,951	26,951	135,388
Overall Funding Requirement	194,014	76,129	50,302	320,445

- 18.8 The capital programme detailed in tables 16 and 17 above does not include expected slippage from the 2020/21 capital programme. Estimated slippage is detailed in the quarter 3 financial monitoring report as part of this Cabinet meeting and also attached as Appendix H. It is currently estimated that there will be scheme slippage of approx. £112.6m but this is subject to any changes arising between now and the year end. The final slippage will be reported to this Cabinet as part of the annual July Financial Review report once the financial year has closed. Schemes which are funded using a combination of external grants and borrowing will only be undertaken once the external funding is secure; amounts of council borrowing shown are indicative.
- 18.9 There are a number of key projects supported in the 2021/22 programme, including:
- 18.9.1 Continued investment in the school estate from 2021/22 to 2023/24 of £20.9m. This includes £15.67m for the New Addington Valley SEN School on the Timebridge site which the Education and Skills Funding Agency (ESFA) commissioned Croydon to lead on. The school will offer 150 places to children aged 2-19 years, with autism and learning difficulties, with the aim of providing a local pathway from the early years to adulthood. The proposed date for the opening of the school September 2021. The project will be fully funded by the ESFA under its "Invest to Save" programme.
- 18.9.2 Continued investment in Public Realm and Highways Infrastructure. This scheme will enable investment in the public realm and highways to ensure that the infrastructure is fit-for-purpose and achieves our vision making use of the opportunities presented by the Croydon Growth Zone. The Council will need to continue to borrow to maintain the highways network following reduction in TFL funding. Additional borrowing has been included to support the work needed to maintain bridges and other key structures and to meet our legal obligations under the Flood Water Management Act.
- 18.9.3 Continued investment in the Council's ICT infrastructure to provide a fit for purpose service to staff and residents. Add in further info
- 18.9.4 The HRA capital programme set out in Table 18 shows the planned capital expenditure in 2020/21 is £35.7m and total is

£102.6m over the 3 years to maintain homes to a decent homes standard and purchase new BxB homes using GLA grant under its Building Council Homes for Londoners programme to fund part of the cost:

18.9.5 Work is continuing to ensure fire safety within residential blocks owned or leased by the Council is compliant and meets current standards in order to provide safe homes for our residents. A £5m reserve will be set aside from existing reserves, with no additional borrowing required for this amount.

18.9.6 The capital programme includes £26.7m planned for ongoing and essential works identified, these include replacement/upgrade of flat front entrance doors, installation/upgrade of emergency lighting and fire alarm systems where required and blocks with spandrel panels which may need to be replaced.

18.10 No new capital schemes will be added to the programme without a business case being approved, a report being submitted to cabinet and then the funds will be released subject to the revenue costs of any scheme being affordable, this applies to both General Fund and HRA capital schemes.

Growth Zone

18.11 The Croydon Growth Zone is a Tax Incremental Financing (TIF) model which harnesses business rates uplift to enable borrowing to fund infrastructure. The Croydon Growth Zone programme consists of a range of transport, public realm social infrastructure and technology projects as reported to Cabinet in December 2017. They are deemed essential to mitigate the impact and maximise the opportunities of the growth planned (as detailed in the Croydon Local Plan 2018, Croydon Opportunity Area Planning Framework 2013 and the London Plan) in Croydon for the benefit of existing and future residents, businesses and visitors.

18.12 As reported to Cabinet in February 2020 in more detail, and subject to approval, the Growth Zone programme has been re profiled, with the total funding required for the period 2021/22 to 2022/23 of £4m. Table 18 below sets out the programme over that period.

Table 18 – Growth Zone Projects

Project	2021/22 to 2023/24 (£'000s)
Transport	500
Public Realm	1,600
Construction Logistics	400
Parking	300
Culture	500
Smart Cities	400
Social Infrastructure	300
Employment and Skills	0
Energy	0
TOTAL	4,000

Section 106 and Community Infrastructure Levy (CIL)

- 18.13 The Council, as Local Planning Authority, when required secures Section 106 Agreements as a requirement of the grant of planning permission to secure the mitigation measures necessary to make a development acceptable in planning terms. This includes securing financial contributions towards infrastructure types and projects.
- 18.14 The Council's Section 106 balance as at September 2020 was £4.7m. This balance is sub-divided into the heads of terms for infrastructure types and projects as set out in the parent Section 106 agreements. This understanding is important as Section 106 income can only be assigned in accordance with the parent Section 106 agreement in terms of infrastructure type, project and / or the location defined in the agreement.
- 18.15 Set out below in table 19 is the Council's detailed Section 106 balance sheet.

Table 19– S106 breakdown of funds

Section 106 – Head of Term	Balance
Affordable Housing	£1,026,483.00
Air Quality	£148,328.50
Bus Improvements	£80,590.42
Carbon Offset	£536,910.66
Culture	£51,679.49
East Croydon Station	£298,657.56
Education	£278,845.18
Employment and Skills Training	£298,098.00
Environmental Improvements	£27,466.00
Equality Programme	£21,957.00
Footways & Pedestrian Environment	£2,468.12
Health	£106,728.05
Highways	£84,375.29
Libraries	£62,942.00
Open Space	£431,248.77
Parking	£25,000.00
Public Art	£26,500.93
Public Realm	£450,548.97
Renewable Energy	£56,964.00
Skyline	£1,000.00
Sustainable Transport	£514,448.59
Tree Planting & Maintenance	£14,282.75
West Croydon	£172,781.56
TOTAL	£4,718,322.84

- 18.16 In terms of future Section 106 assignment, the Council is actively working (with partners as appropriate) on how the remainder of the Section 106 moneys can be used to benefit the people of Croydon and mitigate the development the contribution arose from. Section 106 assignment will continue to be governed by the Council's Infrastructure Finance Group and Capital Board.
- 18.17 A total of £3,582,344 of Section 106 income was assigned to specific projects during 2019/20 in accordance with the Section 106 parent agreement and Infrastructure Finance Group Terms of Reference. During 2019/20 a total of £775,674 of money secured under s106 agreements was spent on specific projects across the borough.
- 18.18 The Council introduced the borough's CIL in April 2013. The Council has been collecting the borough's CIL since this date. As a consequence of requiring the grant of planning permission and commencement of development post April 2013 for the CIL to be liable for payment, the income received since the introduction has gradually increased.
- 18.19 Borough CIL balance at 01/04/20 was £12,544,170.93. This income is available to be spent on infrastructure types and projects included on the Council's CIL Infrastructure List

- 18.20 Regulation 121A of the Community Infrastructure Levy Regulations 2010 (as amended) requires the Council to produce a statement of the infrastructure (CIL Infrastructure List) projects or types of infrastructure which the charging authority intends will be, or may be, wholly or partly funded by CIL. This broadly covers all infrastructure projects and types, except for sustainable transport and highway that are secured through Section 106 and / or Section 278 highway agreements.
- 18.21 In addition to allocations in 2019/20, and based on current CIL balances and forecast CIL receipts, it has been assumed that £6.8m of Borough CIL money will be available to fund the capital programme. Also, £2m of Borough CIL money has been assigned to the Council's Education Estates Strategy as agreed by Cabinet on Monday 18th January 2021 and £2.1m has been assigned to Leisure, libraries and open space maintenance. The specific projects to enjoy borough CIL funding will be defined through the governance of the Infrastructure Finance Group and Capital Board to ensure CIL legislative compliance. The specific project assignment will occur post the approval of this report and be published in the Council's CIL Infrastructure Statement.
- 18.22 The Community Infrastructure Levy (Amendment) Regulations 2013 allow for up to 15% to be spent on the provision, improvement, replacement, operation or maintenance of infrastructure; or anything else that is concerned with addressing the demands that development places on Croydon. This is commonly referred to as the Locally Meaningful Proportion.
- 18.23 The CIL Local Meaningful Proportion balance at 01/04/20 was £3.91m. The Local Meaningful Proportion will fund the Community Ward Budgets for 2020/21. Also, as set out in the September 2020 Cabinet Emergency Budget Report, CIL Local Meaningful Proportion will significantly contribute to the costs of the 2020/21 Community Fund Projects that meet the CIL legislative requirements.

Housing Programme

- 18.24 The Council is committed to delivering affordable housing in the borough through a range of measures:
- In order to accelerate the delivery of new homes for Croydon residents, the Council established Brick by Brick, an independent development company. Brick by Brick receives borrowing and equity investment from the Council. It is expected that the HRA will purchase up to 190 completed units of affordable housing within 2021/22 from Brick by Brick, based on availability and an agreement of a fair purchase price that will be sustainable for HRA borrowing.
 - The properties purchased from Brick by Brick are expected to charge London Affordable Rent levels (LAR), however are subject to Cabinet Approval.
 - The Council entered in to three separate limited liability partnerships (LLPs) with Croydon Affordable Homes, a local charity to develop units across the borough and street purchased properties as

affordable rented homes. In order to fund their acquisition activities, the Council gifted retained right to buy receipts to the LLPs, with the Council acting as lender for the balance of the funds needed. The Council has completed phase 1 and 2 of its street property acquisition programme for the provision of affordable rent. This has enabled acquisitions of 346 street properties for the provision of affordable rent in the borough.

- The Council has been awarded GLA grant funding under the Mayor of London's £1 billion Building Council Homes for Londoner's programme for social housing. The grant funding has been used to part fund the purchase of new build Brick by Brick properties, transferring them into the HRA.

Repair and Improvement of council stock

18.25 A key aim for the council has been the government target of bringing 100% of social homes up to the decent home standard. Croydon has invested in its HRA properties to ensure that it meets, and continue to achieve the decent homes standard. The Council has achieved a constant 99-100% of homes maintained at the decent home standard over the last seven years. Homes which are currently decent will fall below the standard, for example as facilities age and with wear and tear, the Council will need to continue to invest in the stock to keep homes up to standard over time. Indeed, the social housing regulator has proposed a revised home standard which will reflect the government's direction that social landlords should comply with the decent home standard with ongoing effect. The council continues to invest in maintenance and improvement works in order to maximise the life of the assets

18.26 The HRA budget for proposed major repairs and improvement programme for 2021/22 will remain at circa £27m, although available budget unspent at the end of 2010/21 will be carried forward, taking the estimated total spend to £30m. It should be noted that there is also a separate programme of responsive and cyclical repairs which are resourced through revenue funding totalling £12m. In order to enable the Council to respond quickly to any additional or changing fire safety regulations, a £5m reserve has been ringfenced in the HRA account.

19.0 Housing Revenue Account (HRA)

19.1 The Housing Revenue Account (HRA) is a ring-fenced account used to manage income and costs associated with managing the Council's owned housing stock and related assets which includes shops and garages on council housing estates. It is funded primarily from tenants' rents and service charges. The services provided to tenants and leaseholders which includes responsive repairs, management and supervision services and caretaking as examples are resourced from this account.

19.2 Croydon's HRA consists of approximately 13,400 homes. In addition to the HRA, there are approximately 800 homes that are managed on behalf of the General Fund, Private Landlords and Croydon Affordable Homes. These properties similarly require repair, maintenance and investment to

maintain good quality accommodation, and offer temporary accommodation to families most in need.

19.3 Longer term planning for the HRA is continuing to take place through the 30-year business plan which is updated annually to reflect changes in legislation and assumptions which underpin the financial projections. This includes the impact of increasing rents by CPI+1%, which will enable the HRA to be more financial sustainable. The lifting of the HRA borrowing cap will also enable the Council to consider developments funded directly by the HRA.

19.4 The budget for 2021/22, Table 20, shows a balanced position as required by statute and was reported with the proposed rent and other charges to the Tenants and Leaseholders Panel on the 9th February 2021.

Table 20 – 2021/22 HRA Revenue Budget

DESCRIPTION	ORIGINAL	BUDGET
	2020/21	2021/22
	£000	£000
Employees	13,976	15,162
Premises related expenditure	18,904	17,740
Supplies and Services	2,510	3,081
Third Party Payments	406	363
Transfer Payments	156	656
Transport related expenditure	30	44
Capital Charges	35,776	33,824
Intangible Charges	59	122
REFCUS	180	180
Corporate support services bought in	6,705	6,705
Recharges from other services	9,348	10,988
TOTAL EXPENDITURE	88,050	88,865
Government Grants	-	-
Other Grants, reimbursements and contributions	(209)	(185)
Customer and Client Receipts	(85,771)	(86,591)
Interest Receivable	-	-
Recharges to other services	(2,070)	(2,089)
TOTAL INCOME	(88,050)	(88,865)
NET EXPENDITURE	-	-
Contributions to / (from) Reserves	-	-

19.5 All investment in new-build is currently being undertaken outside of the HRA by either the Council's Development Company, Brick by Brick, or other partners. However, as part of the rent setting policy and with the change in policy with regard to Brick by Brick, the Council will subject to affordability, commence preparations for developing housing within the HRA during 2021/22.

19.6 Croydon Affordable Homes (the charity set up by the Council in partnership to deliver affordable rented properties across the borough) will be renting out local homes at a maximum of 65% of the market rent to borough residents and remaining units will be available through shared ownership.

19.7 Prior to the announcement removing the borrowing cap in 2019/20, the introduction of self-financing for the Housing Revenue Account (HRA) in April 2012 was accompanied by a limit on the amount of housing debt that each authority could hold. The limitations this generated for the HRA business plan resulted in many authorities (including Croydon) seeking to borrow to support affordable housing outside of the HRA.

Housing demand

19.9 It is considered that for at least the next 10 years that the housing market in London and the South east will be characterised by rising demand and increased barriers to entry caused by rising house prices, rising rents and population growth. Beyond 10 years it is difficult to predict with any certainty what housing policy will be in place or what structural housing market changes may have occurred.

19.10 The mix of new housing supply continues to be influenced by numbers of applicants on the Council's housing register locally and the forecasts of future housing need.

19.11 The budget position of the HRA is subject to continued uncertainty in light of further policy proposals that have been issued by the government. The Council is awaiting the final outcome of the legislative process followed by detailed guidance still to be issued by government.

19.12 The 'A new deal for social housing' Green Paper consultation outcome is awaited. Recent changes and proposals impacting HRA are set out below.

- The government has confirmed that from 2020/21 rent increases will apply at CPI+1% (Consumer Price Index) on social housing rented properties which is equal to 2.7%
- The government has proposed making Right to Buy (RTB) receipts to be available for 50% of social rented new build costs rather than 30%. We are waiting for the government's final decision on this.
- The government has proposed extending use of existing RTB receipts to 5 years with new receipts being available for 3 years. We are waiting for the government's final decision on this.

19.13 However, assumptions about these policy changes and the current legislation, % increase in rental income, have been incorporated into the 40 year business plan and annual budget setting. These are explained below.

Right to Buy

19.14 Croydon Council entered into a retention agreement with the government in April 2012. Under the terms of the agreement, the government requires that local authorities can only retain the receipts from right to buy (RTB)

sales if they spend it within three years of retention to create new stock by match funding the purchase of this new supply on a 70:30 basis.

- 19.15 The implication of this is that the RTB receipts can only fund 30% of new property development or acquisition costs with the remaining balance of 70% funded through the council's HRA or other resources. Interest is repayable to the government on retained receipts not used within 3 years.
- 19.16 The Council's Housing LLP has used retained RTB receipts which the HRA had been unable to use due to the limited resources in the HRA before the government announced the lifting of the borrowing cap, with the Council acting as lender for the balance of the funds for the purchase of the leases and development of the sites. As explained above, if the Council did not use the retained RTB receipts in this manner, it would need to repay the unused receipts to central government with interest.
- 19.17 The current 2020/21 HRA budget and business plan assumes there will be 80 right to buy sales in the year. As well as the loss of an asset to the HRA, this impacts on the level of rents collected year on year and therefore the availability of funds to match the 70:30 requirement.
- 19.18 The table below shows the RTB sales since 2012 compared to the assumptions in the Self-Financing (SF) settlement.

Table 21 – RTB sales since 2012

	Actual Sales (Forecast from 2020/21)	Assumed Sales (in SF Settlement)
2012/13	36	14
2013/14	51	17
2014/15	135	19
2015/16	143	20
2016/17	148	20
2017/18	90	20
2018/19	83	20
2019/20	58	20
2020/21	60	20
2021/22	80	20
Total	884	190

Rent Setting and Changes

- 19.19 The Welfare Reform and Work Act 2016 required all registered providers of social housing in England to reduce rents by 1% a year for four years from 2015/16 levels to 2019/20. This reduction commenced in 2016/17, making 2019/20 final year. Rents for new tenants must also reflect the 1% per annum reduction. Central government has announced that rents can increase from 2020/21, by CPI + 1% which is equal to 1.5% for the 21/22 uplift.

19.20 Where tenants are eligible for receipt of Housing Benefit, the level of benefit will reflect the lower rent. However, a small number of tenants may be subject to the overall benefit cap. The introduction of Universal Credit in Croydon has begun to have an impact on rent collection rates. Rates are likely to continue to drop as tenants move from receiving housing benefit to universal credit when they experience a change in circumstances, impacting on the levels of bad debt that the Council must provide for.

19.21 Social rents in Croydon are currently approximately 32%-35% of the private sector equivalent, as shown in the table below. New build council properties are let at a London Affordable Rent which is based on the GLA guidance for London at 65% of the comparable private sector market rent.

Table 22 – Comparison of rents in Croydon

Number of Bedrooms	Social Rent (per month) 2020/21	Social Rent (per month) 2021/22	London Affordable Rent (per month) 2020/21	London Affordable Rent (per month) 2021/22	Social rent as % of local market rent	LAR as % of average local market rent
1	£459.51	£466.40	£682.33	£692.56	34%	73%
2	£518.14	£525.91	£722.37	£733.21	33%	54%
3	£590.85	£599.71	£762.54	£773.98	32%	43%

Service Charges

19.22 In 2021/22, it is proposed that service charges increase by 1.5%, following a 2% increase in 2020/21. This will ensure that the level of service charge reflects the costs incurred. A full review of the costs was delayed due to the events of 2020 but will be considered as part of the forward plans for the HRA

19.23 The charges for 2021/22 will therefore be:

Table 23 –2021/22 Tenant Service Charges

	2020/21	2021/22	Change
Tenant Service Charges			
Caretaking	£10.38pw	£10.54	£0.16
Grounds Maintenance	£2.14pw	£2.17	£0.03

Heating charges

19.24 Only a small number of tenants use communal heating systems and are charged a fixed weekly amount for the gas they use. Apart from the Handcroft Road Estate, all other schemes are retirement housing schemes for older people. Heating charges will be adjusted to ensure that they align to actual costs incurred. This will result in some increases and some decreases for tenants of no more than 5%.

Garages and parking spaces

- 19.25 Rents for garages and parking spaces were not increased for 2020/21 and so it is proposed that an increase to garage rents will be applied for 2021/22. Any proposed increase to parking charges on must be consulted upon – this is planned to increase charges for 2022/23

Table 24– 2021/22 Parking and Garage Charges

	2020/21	2021/22	Change
Parking Spaces			
Tenants	£7.00pw	£7.00pw	£0.00pw
Non-Tenants	£9.62pw	£9.62pw	£0.00pw
Garages			
Avg. Rent*	£13.13	£13.33	£0.20pw

Voids and Bad Debts

- 19.26 The loss of income associated with void properties is assumed at 0.9% for 2021/22.

20.0 Treasury Management

- 20.1 The S151 Officer is responsible for setting up and monitoring the Prudential Indicators in accordance with the Council's Capital Strategy. The details are set out in the Treasury Management Strategy which is recommended to Cabinet for approval as a separate item on this agenda.

- 20.2 The prime function of the treasury management operation is to ensure that cash flow is adequately managed. This requires careful management of all cash balances within the Council's bank accounts. The contribution the treasury management function makes to the achievement of the Council's objectives is critical, as the balance of debt and investment operations ensures liquidity or the ability to meet spending commitments as they fall due, either as day-to-day revenue spend or for larger capital projects. The treasury operation carefully assesses the balance of the interest costs of debt and the investment income arising from cash deposits as this impacts directly on the Council's finances.

- 20.3 The Treasury service are also responsible in managing the Council's debt balances. The Council has a debt balance of £1.47bn as at the end of December 2020 which incurs significant interest and Minimum Revenue Provision (MRP) charge. It is important that the Council considers strategies that proactively reduces this debt balance and to help improve the direct charges to the Revenue account, which will bring the Council into a better financial position.

21.0 Statement of the Section 151 Officer on reserves and balances and robustness of estimates for purposes of the Local Government Act 2003.

- 21.1 Section 25 of the Local Government Act 2003 requires the Chief Financial

Officer (CFO) to report on the robustness of the budget estimates and adequacy of the planned reserves when the council tax decision is being made by the Council, this forms part of the statutory advice from the Section 151 officer to the Council in addition to their advice throughout the year in the preparation of the budget for 2021/22. The Chief Financial Officer and Section 151 Officer statutory responsibility resides with the Interim Director of Finance, Investment and Risk. This is his statement under the Section 25 requirement of the Act.

- 21.2 All Members of the Council have been advised of the financial challenges the Council faces over the next financial year, the medium and longer term. The levels of government funding for 2021/22 have been clearly identified in this report and it must be recognised and understood that a one year funding settlement creates a level of future year uncertainty and therefore creates a financial planning risk. In addition, in regards to the request for Capitalisation Direction a response from MHCLG has not at the time of writing this report been received. The Council is seeking £150m in capitalisation direction support which is necessary to balance this budget and deal with 2020/21 overspends.
- 21.3 Until 2019/20 the Council in common with other local authorities experienced substantial reductions to Local Government funding. 2020/21 saw a slight increase in our baseline funding however the pressures experienced since the start of 2020/21 have had a significant impact on the Council's financial position. A marginal increase in baseline funding into 2021/22 and the ability to raise Council Tax by 4.99% has further supported increased funding. In taking decisions on any budget all Members must first and foremost understand the underlying funding changes which the Council faces and set these associated decisions within the context of the overall financial environment the Council faces.
- 21.4 These continue to be very challenging times for Croydon Council and therefore it is certain that further difficult choices will be required over the coming budget cycle if the Council is to develop a solid financial foundation and achieve the delivery of a balanced outturn in 2021/2022 and in future years. The refreshed Medium Term Financial Strategy which will be presented to Cabinet in July 2021 will provide an update for Members on the future financial challenges the Council expects to face as well as progress made on the 21/22 Budget and the Renewal Plan. This refreshed document will include the full impact of the review of the Council's company and property investments with a view to limiting liabilities and proposals for transforming the operation of its services so as to deliver good performance on an affordable basis. This will form a strong robust platform and tool to develop and manage future budgets. In forming my statement of the robustness of the budget estimates and adequacy of planned reserves this position has been reviewed in detail with the Chief Executive and Executive Leadership Team and my conclusions and assumptions have been reported to the Cabinet as part of the Council's overall governance and financial stewardship arrangements. It is important that there is buy in and ownership at all levels from both political leadership and officers that there is a need for a more robust financial process for providing services within budget, than has hitherto existed and the expectation must be that services can be and must be delivered within the budget as set.

21.5 All Members must also be aware that the calculation of the budget is, in its simplest form, dependent on three key factors, which are set in the context of the level of support from central government, these are:

- a) The structural growth and savings in service expenditure or income;
- b) The level of increase in local taxation (council tax); and
- c) The level of reserves and balances.

21.6 With regard to the Housing Revenue Account, in 2020/21 where Local Authorities were allowed to raise Housing Rents by CPI+1%. This proposal continues into 2021/22 and this will ensure that the years of lost income from the 1% reduction in rents better supports the upkeep of our housing stock and support tenants in a better way. The updated 30 year HRA Business Plan shows a stable position however the Council need to keep a close eye on pressures in regards to repairs and maintenance and more importantly the investment that will be needed to for Fire Safety works. The development of new housing units within the HRA including the purchase of any units will need to be cost neutral in terms of revenue income covering the costs of managing and maintaining the new units and servicing debt.

Growth, Savings and income options in service expenditure

21.7 Proposals for growth, savings and income generation in service expenditure are ultimately a matter of political judgment balancing the needs and priorities of the borough within the available revenue resources. In balancing such decisions Members must have regard to the professional advice of officers in such matters as service need, statutory responsibility, changes to Government legislation, demographic factors (particularly in respect of demand-led services), unavoidable cost pressures whilst always having regard to the need to remain with the statutory requirement to balance the budget and to keep within that budget and available reserves once the budget is set. This report forms part of that advice.

The Level of Reserves and Balances

21.8 The level of reserves and balances are principally the responsibility of the s151 officer and are key to ensure the financial sustainability of the Council.

21.9 The Current level of Reserves are very low for the size of Croydon and historic mismanagement of this reserve balance has resulted in placing the Council in very weak position. The exact level of current bought forward reserves is currently under discussion with the External Auditor and cannot be firmed up until the 2019/20 audit of the accounts has been completed. In the light of this it is not possible to state with certainty as required under section 25 (1)(b)of the Local Government Act 2003; that the reserves are adequate until the audit is completed, however it should be noted that the 2021/22 Budget and the MTFs includes a clear plan to build up the reserve balance and £20m is being earmarked as part of the 20/21 planned capitalisation directive for contribution to the General Balance. With further a further increase of £10m 21/22. In light of the

Covid-19 pandemic the need to have a stronger reserve balance is clear as it allows the Council to create a necessary buffer to tackle unforeseen risks.

21.10 Earmarked reserves are also relevant in supporting the budget and objectives of the council. The level of earmarked reserves reflects a number of policy decisions by the council and supports the revenue budget. The decision to use earmarked reserves for particular purposes needs to reflect the financial strategy objectives of the council. Earmarked reserves have reduced over the last 3 years and are expected to be in the region of £10m at the end of 2020/21. This is a position that needs to be kept under review. The Council has previously relied upon the increased flexibility on the use of capital receipts which allowed the authority to use these to support transformation projects. This funding pays for capacity that would previously have to be funded from earmarked reserves. This option will need to be kept under review as capital receipts become available.

21.11 Despite budgets being calculated on most likely estimates, not the best estimates basis, the budget contains significant challenges in terms of the delivery of efficiency savings as well as managing demand led pressures and income generation. The Council has set in place plans to deliver departmental efficiencies and generate an additional income of £40m. Discussions with MHCLG have drawn attention to the need for potential flexibility in granting the capitalisation directive to enable the Council to deal with any proper accounting adjustments with regard to bad debt provision or impairment costs which will still be being crystallised. This flexibility is assumed in making this statement.

The external financial environment does remain volatile due to the pandemic. However, subject to:

- the Council introducing a strong corporate process to review and monitor spend throughout the year (mirroring to a degree the current s114 spending control panel),
- corporate and political buy in to the new arrangements combined with , prioritising the improvement of and compliance with the financial management arrangements,
- vigorously reducing expenditure as set out in Appendix A and
- subject to the receipt of the capitalisation directive at the sum requested

it is confirmed that the estimates as set out are robust as required by section 25 (1) (a) of the Local Government Act 2003

22.0 PRE-DECISION SCRUTINY

22.1 The 2021/21 budget has been presented to Scrutiny and Overview committee on 16th February 2021. The committee had the opportunity to scrutinise the budget setting process as part of the Cabinet Member for Finance and Resources question time.

22.2 At the Scrutiny meeting the draft budget and all savings, income and growth options were presented. This report enabled members to be briefed on the financial context and challenges the Council faces and

updated the Committee on the assumptions made in setting the 2021/22 budget.

23.0 SUMMARY AND CONCLUSIONS

- 23.1 As all Members are aware, setting a budget for 2021/22 that is robust, balanced and deliverable has been extremely challenging particularly as the Council is within a S114 and has had to deal with historic financial management issues. This has involved a number of difficult decisions for the Council and a lot of work has gone into building the budget to deal with historic issues and errors. The Council faces increasingly challenging choices over the medium term to longer term within the context of its own funding position, the national economy and the level of funding available to the public sector as a whole.
- 23.2 This budget report is based on the current financial outturn projections for the current year. If any of the projections change significantly, these will have to be taken in to account either in year and urgent action taken to reduce expenditure in 2021/22.
- 23.3 Appendix C and D contains the legally required recommendations to Council for setting the budget and Council Tax for 2021/22.

24.0 FINANCIAL CONSIDERATIONS

- 24.1 The report contains the financial implications of the options to deliver a balanced budget for 2021/22 and the draft capital programme for 2021/20 to 2023/24.

25.0 LEGAL CONSIDERATIONS

Budget and Council Tax Setting

- 25.1 The Head of Commercial and Property Law comments on behalf of the Interim Director of Law and Governance that, as noted earlier in this report, due to the Council's financial position, a notice under section 114 of the Local Government Finance Act 1988 has been issued on two occasions in the last financial year. In considering the recommendations in this report, Cabinet and Full Council needs to have full regard to the Council's overall financial position as detailed in this report.
- 25.2 The provisions of the Local Government Finance Act 1992 sets out what the Council has to base its budget calculations upon, and require the Council to set a balanced budget with regard to the advice of the Council's section 151 officer. The setting of the budget is a function reserved to full Council, which needs to consider the draft budget which has been recommended for approval by Cabinet. Once the budget has been agreed by full Council, the Executive cannot make any decisions which conflict with it although variations and in-year changes can be made in accordance with the Council's financial regulations.

- 25.3 Section 25 of the Local Government Act 2003 requires the Chief Finance Officer to report on the robustness of the estimates made for the purposes of calculating the Council Tax and the adequacy of reserves both of which are contained within this report.
- 25.4 Section 30(6) of the Local Government Finance Act 1992 provides that the Council is required to set its budget (including Council Tax rates) before 11th March 2021 for the financial year 2021/22, although failure to set a budget within the deadline does not invalidate the budget. A delay to agreeing the budget may, however, have significant financial administrative and legal implications including potentially an individual liability for those members who contributed to the failure to set the budget. Failing to set the budget would also make the Council vulnerable to a judicial review challenge initiated potentially by the Secretary of State or any other person with a sufficient interest in the Council setting a budget (which could include a council tax payer). When considering the budget proposals the Cabinet and Council will be mindful of their fiduciary duty to ensure that the Council's resources are used in a prudent and proportionate manner. Members are required to have regard to their statutory duties whilst bearing in mind the requirement to act reasonably when taking in to account the interests of the Council Tax payers and Croydon's
- 25.5 The Local Government Finance Act 1992 (as amended), requires the Council as billing authority to determine whether its relevant basic amount of council tax for a financial year is excessive. If it is excessive then there is a duty under s.52ZF - s.52ZI to hold a referendum. Determining whether the Council Tax is excessive must be decided in accordance with a set of principles determined by the Secretary of State and approved by a resolution of the House of Commons. The Thresholds for 2021-22 provide that local authorities with responsibility for social care, such as Croydon, must hold a referendum if council tax is to be increased by 5% or more. Council tax for general spending requires a referendum if it rises by 2% or more, alongside a maximum 3% 'social care precept'. The 'adult social care precept' is technically not a 'precept' but additional headroom within the referendum regime for selected local authorities.
- 25.6 The procedure to be followed in developing the budget proposals as detailed in the report are set out in the Budget and Policy Framework Procedure Rules provided in Part 4.C of the Council's Constitution. To deliver some of the budget proposals action may be required which should be undertaken in accordance with statutory requirements including any legal requirements for consultation and equality impact assessments. Members will be aware of the requirement to consider the Council's obligations under the Equality Act 2010 as detailed more fully in the Equalities Considerations, section 23 below.

Approved by Sean Murphy, Head of Commercial and Property Law (Deputy Monitoring Officer) on behalf of the Interim Director of Law and Governance

26.0 HUMAN RESOURCES IMPACT

26.1 The implementation of the efficiency and cuts programme will in a number of instances necessitate a change of structure and skill mix of staff and/or change of working practices. Where a redundancy is being 'contemplated' the unions must be informed. If subsequently a redundancy is actually 'proposed' then the employer is immediately obliged to consult with the unions and staff for a minimum statutory period before any decisions and formal notification of redundancy is issued. The organisation will take these considerations into account in planning for the implementation of any structural reform.

26.2 Where restructures or transfers are proposed the Council's existing policies and procedures must be observed.

Pay Policy Statement

26.3 The Council aims to ensure that its remuneration packages are fair, equitable and transparent and offer suitable reward for the employment of high quality staff with the necessary skills and experience to deliver high quality services.

26.4 Under section 112 of the Local Government Act 1972, the Council has the "power to appoint officers on such reasonable terms and conditions as the authority thinks fit". In accordance with Section 38 of the Localism Act, this Pay Policy Statement sets out the Council's policy for 2021/22 on:

26.4.1 The remuneration of its senior staff including chief officers

26.4.2 The remuneration of its lowest paid employees

26.4.3 The relationship between the remuneration of its senior staff, including chief officers, and the remuneration of staff who are not chief officers

26.5 The pay policy statement is at Appendix G. The Council are required to approve the pay policy on an annual basis and therefore this will be considered as part of the budget decision of the Council on the 2nd March 2020.

Approved by: Sue Moorman – Director of Human Resources

27 EQUALITIES CONSIDERATIONS

27.1 Under the Public Sector Equality Duty of Equality Act 2010, decision makers must evidence consideration of any potential impacts of proposals on groups who share the protected characteristics, before decisions are taken. This includes any decisions relating to how authorities act as employers; how they develop, evaluate and review policies; how they design, deliver and evaluate services, and also how they commission and procure services from others.

27.2 Section 149 of the Act requires public bodies to have due regard to the need to:

- eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Act;
- advance equality of opportunity between people who share a protected characteristic and people who do not share it; and
- foster good relations between people who share a protected characteristic and people who do not share it.

27.3 Protected characteristics defined by law include race and ethnicity, disability, sex, gender reassignment, age, sexual orientation, pregnancy and maternity, and religion or belief.

27.4 Having due regard means there is a requirement to consciously address the three tenets of the Equality Duty within decision-making processes. By law, assessments must contain sufficient information to enable the local authority to show it has paid 'due regard' to the equalities duties; and identified methods for mitigating or avoiding adverse impact on people sharing protected characteristics. Where a decision is likely to result in detrimental impact on any group with a protected characteristic it must be justified objectively.

27.5 As a result, budget proposals have been subject to the Council's own equality impact analysis processes (EIA) between December 20 and January 21, as part of a risk-based approach to analyse potential equalities impact of budget proposals. Budget holders have identified where proposals are likely to have a disproportionate impact on those with protected characteristics (i.e. race, sex, disability, religion or belief, sexual orientation, pregnancy and maternity, and age).

In some instances budget holders have extended the equalities consideration to include analysis of non-statutory factors - such as language, socio-economic and health and social wellbeing. Where adverse impact has been identified mitigating actions have been specified.

27.6 In developing its detailed budget proposals for 2020/21 the Council has sought to achieve best practice in equality and inclusion. The Council recognises that it has to make difficult decisions in order to reduce its overall expenditure to meet Government cuts in grant funding and to deliver a balanced budget while ensuring that it is able to respond positively to increases in demand for essential services, and meet its legal equality obligations at the same time. In doing so it endeavours to best meet the specific needs of residents, including those groups that share a "protected characteristic".

27.7 Through its budget proposals, the Council will also seek to identify opportunities to improve services and the quality of life for all Croydon residents while minimising any adverse impacts of decisions, particularly in regard to groups that share protected characteristics. It is guided by the broad principles of equality and inclusion and has carried out equality impact assessments to secure delivery of that duty, including such consultation as required.

27.8 An equality analysis has been completed in respect of the overall Council

Tax increase which will apply to all households in the borough. While this increase is relatively modest, it will nonetheless impact those on low and fixed incomes and in particular those affected by changes to the benefit system and no longer qualify for Council Tax Support. This segment of the population is more likely to live in the most deprived areas in the borough where there is a greater proportion of Black Asian and Minority ethnicity residents. This has to be balanced against the additional amount raised through the Adult Social Care charge which will contribute to meeting the expected increase in demand for these services. The additional income will benefit Croydon's most vulnerable adults and families, likely to also be in this protected group. In addition the Council will continue, through the Council Tax Support scheme to provide financial relief for vulnerable households including:

- Pensioners on low incomes.
- People that are in receipt of disability living allowance or employment support allowance.
- People that are in receipt of income support.
- Single parents with a child or children aged under five.

27.9 As part of wider overall welfare support provided, residents having difficulties with their payments are offered practical budgeting advice and support as well as help in finding work through the Council's Gateway service. These provisions and the support available are highlighted in the customer's Council Tax bills.

27.10 In respect of specific proposals as outlined in Appendix A, it is likely that some proposals may result in new policies or policy or service changes, in this instance each proposal will be accompanied by an equality analysis which will inform the final proposal and its implementation, on a case by case basis made available at the time of decision.

Approved by Barbara Grant on behalf of Yvonne Okiyo, Equalities Manager

28.0 ENVIRONMENTAL IMPACT

28.1 There are no direct environmental considerations arising from this report.

29.0 CRIME AND DISORDER REDUCTION IMPACT

29.1 There are no savings which should impact upon this Corporate Priority.

30.0 REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

30.1 The council has a duty to set a balanced budget and therefore the proposals set out in the report achieve this duty.

31.0 OPTIONS CONSIDERED AND REJECTED

31.1 Various other options were considered in terms of council tax levels, investments and savings. These are ultimately decisions of policy and political choice.

REPORT CONTACT: Nish Popat, Interim Head of Corporate Finance

APPENDICES:

Appendix A – Revenue savings, income and growth options

Appendix B – Summary of Revenue Estimates

Appendix C – Council Tax Bands

Appendix D – Council Tax Recommendations

Appendix E – Response to Provisional Local Government Settlement

Appendix F – Dedicated Schools Grant

Appendix G – Pay Policy Statement

Appendix H – 20/21 Q3 Budget Monitoring Report

BACKGROUND DOCUMENTS: None

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Children, Families and Education

Proposal Ref	Proposal Name:	Savings/Income and Growth	2021/22	2021/22	2022/23	2023/24	TOTAL 2021/24
			FTE	£ m	£ m	£ m	£m
CFE Sav 02	Reconfiguration of Early Help Services	Saving	0.0	(0.424)	(0.185)	0.000	(0.609)
CFE Sav 03	Reconfiguration of Adolescent Services	Saving	0.0	(1.608)	0.000	0.000	(1.608)
CFE Sav 04	Review of Children with Disabilities Care Packages	Saving	0.0	(0.384)	(0.384)	(0.384)	(1.152)
CFE Sav 05	Reduction in the numbers of children in care	Saving	0.0	(0.794)	(1.654)	(1.385)	(3.833)
CFE Sav 06	Review Support for Young People where Appeal Rights Exhausted	Saving	0.0	(0.295)	(0.560)	(0.142)	(0.997)
CFE Sav 07	Improve Practice System Efficiency	Saving	0.0	(1.065)	(1.450)	(0.385)	(2.900)
CFE Sav 08	Embed Systemic Practice Model	Saving	0.0	(0.272)	0.000	0.000	(0.272)
CFE Sav 17	Release of one off investment / full year effect of savings from 2020/21	Saving	0.0	(1.462)	0.000	0.000	(1.462)
CFE Sav 15/C	Staffing Review	Saving	0.0	(1.471)	0.000	0.000	(1.471)
CFE Sav 09	Review Children's Centres Delivery Model	Saving	0.0	(0.660)	(0.240)	0.000	(0.900)
CFE Sav 10	Reduce Non-Statutory Education Functions	Saving	0.0	(0.587)	(0.221)	0.000	(0.808)
CFE Sav 12	Early Learning Collaboration Contract	Saving	0.0	(0.082)	0.000	0.000	(0.082)
CFE Sav 14	Cease Family Group Conference Service	Saving	0.0	(0.203)	0.000	0.000	(0.203)
CFE Sav 13	Croydon Music & Arts (CMA)	Saving	0.0	(0.126)	0.000	0.000	(0.126)
Total Savings			0.0	(9.433)	(4.694)	(2.296)	(16.423)
CFE Gro 01	Children Looked After Placements - fund Demographic and Cost Pressures	Growth	0.0	8.431	0.085	0.077	8.593
CFE Gro 02	Leaving Care - fund Demographic and Cost Pressures	Growth	0.0	2.031	0.000	0.000	2.031
CFE Gro 03	Children with Disabilities - fund Demographic and Cost Pressures	Growth	0.0	6.477	0.000	0.000	6.477
CFE Gro 08	Realignment of Budgets where other funding sources have ceased	Growth	0.0	1.719	0.000	0.000	1.719
CFE Gro 07	Realignment of Budgets from 2020/21	Growth	0.0	0.909	0.000	0.000	0.909
CFE Gro 04	SEND Strategy - support inclusion and access to local provision	Growth	0.0	0.866	0.000	0.000	0.866
Total Growth			0.0	20.433	0.085	0.077	20.595
Total For Children, Families & Education Department			0.0	11.000	(4.609)	(2.219)	4.172

Health, Wellbeing, Adults

			2021/22	2021/22	2022/23	2023/24	TOTAL 2021/24
Proposal Ref	Proposal Name:	Savings/Income and Growth	FTE	£ m	£ m	£ m	£m
HWA Sav 01	Reduction of Welfare Rights	Saving	(5.0)	(0.442)	(0.088)	0.000	(0.530)
HWA Sav 06	Baseline Savings - Disabilities Operational Budget	Saving	0.0	(3.015)	(4.371)	(5.570)	(12.956)
HWA Sav 07	Stretch Savings - Disabilities Operational Budget	Saving	0.0	(1.367)	(1.213)	0.293	(2.287)
HWA Sav 08	Review of Contracts - OBC Commissioning, Working Age Adults	Saving	0.0	(0.600)	(0.586)	0.000	(1.186)
HWA Sav 09	Baseline Savings - Mental Health Operational Budget	Saving	0.0	(0.459)	(0.683)	(0.881)	(2.023)
HWA Sav 10	Stretch Savings - Mental Health Operational Budget	Saving	0.0	(0.225)	(0.201)	0.047	(0.379)
HWA Sav 13	Reduction in Placements & Accommodation NRPF Budget	Saving	0.0	(0.200)	(0.100)	(0.100)	(0.400)
HWA Sav 15	Croydon Discretionary Support - Reduction in service	Saving	(1.0)	(0.285)	(0.007)	0.000	(0.292)
HWA Sav 16	Croydon Discretionary Support - Deletion of service	Saving	(2.0)	(0.235)	(0.007)	0.000	(0.242)
HWA Sav 17	Contact centre and Access Croydon - Reduction in line management	Saving	(2.0)	(0.087)	(0.008)	0.000	(0.095)
HWA Sav 18	Restructure in Gateway Services	Saving	(2.0)	(0.114)	(0.021)	0.000	(0.135)
HWA Sav 19	Savings on care provision - ASC Older People	Saving	0.0	(2.599)	(3.195)	(3.019)	(8.814)
HWA Sav 22	Income from Care UK Beds released to self-funders	Saving	0.0	(0.254)	(0.264)	(0.275)	(0.793)
HWA Sav 24	Savings on TFL Freedom Pass due to reduction in usage	Saving	0.0	(2.375)	0.000	0.000	(2.375)
HWA Sav 25	Increase in Homelessness Prevention Grant	Saving	0.0	(1.679)	0.000	0.000	(1.679)
HWA Sav 23	Staffing Review	Saving	0.0	(3.558)	0.000	0.000	(3.558)
Total Savings			(12.0)	(17.494)	(10.745)	(9.505)	(37.743)
HWA Gro 02	Growth to fund current Activity/Run Rate	Growth	0.0	19.048	0.000	0.000	19.048
HWA Gro 06	Growth to fund Cost Inflation in Care UK Contract	Growth	0.0	0.254	0.264	0.275	0.793
HWA Gro 07/	Growth to fund care packages/placements projected demographic and cost Pressures	Growth	0.0	5.221	5.209	5.065	15.495
HWA Gro 05	Emergency/Temporary Accommodation Officers	Growth	7.0	0.311	0.000	0.000	0.311
HWA Gro 10	Care package/placements inflation above Corporate Allowance	Growth	0.0	0.000	1.387	1.479	2.866
HWA Gro 11	Progression Team	Growth	0.0	0.360	0.000	0.000	0.360
HWA Gro xx	Rebase income from Health Budget	Growth	0.0	4.000	0.000	0.000	4.000

HWA Gro xxx	Growth to fund demographic and inflation pressures in Community Equipment Service	Growth	0.0	0.057	0.059	0.061	0.176
Total Growth			7.0	29.251	6.919	6.880	43.049
Total For Health, Wellbeing, Adults Department			(5.0)	11.757	(3.826)	(2.625)	5.306

Place

			2021/22	2021/22	2022/23	2023/24	TOTAL 2021/24
Proposal Ref	Proposal Name:	Savings/Income and Growth	FTE	£ m	£ m	£ m	£m
PLA Sav 03	Closure of Libraries Buildings	Saving	7.7	0.009	(0.404)	0.000	(0.395)
PLA Sav 20	Closure of South Norwood Library	Saving	2.0	0.000	(0.100)	0.000	(0.100)
PLA Sav 21	Combining posts across Museum and Libraries	Saving	0.1	(0.073)	0.000	0.000	(0.073)
PLA Sav 05	Economic Development Team Streamlined Service	Saving	(5.6)	(0.208)	(0.052)	0.000	(0.260)
PLA Sav 06	Move to Streamlined Regeneration Team	Saving	(3.0)	(0.153)	(0.051)	0.000	(0.204)
PLA Sav 18	Economy & Jobs - Remove pressure from general fund	Saving	(1.3)	(0.066)	0.000	0.000	(0.066)
PLA Sav 26	Savings on Building Closures / Disposals	Saving	0.0	(0.126)	(0.452)	(0.112)	(0.690)
PLA Sav 25	Savings on Facilities Management	Saving	0.0	(0.333)	0.000	0.000	(0.333)
PLA Sav 19	Merge parks and green spaces	Saving	(2.0)	(0.369)	(0.080)	0.000	(0.449)
PLA Sav 07	Reduce Spatial Planning (Local Plan Team and Place Making Team)	Saving	0.0	0.000	(0.484)	0.000	(0.484)
PLA Sav 11	Cease Specialist Nursery Transport	Saving	0.0	(0.113)	(0.057)	0.000	(0.170)
PLA Sav 10	ANPR camera enforcement	Saving	0.0	(5.025)	(3.180)	(3.401)	(11.606)
PLA Sav 24	Parking Charges Increases	Saving	0.0	(3.014)	0.000	0.000	(3.014)
PLA Sav 08	Public Realm - Staffing Review	Saving	8.0	(0.270)	(0.090)	0.000	(0.360)
PLA Sav 23	Providers' Savings Proposals	Saving	0.0	(0.166)	0.000	0.000	(0.166)
PLA Sav 12	Revised Landlord Licensing Scheme	Saving	0.0	1.500	(2.300)	0.000	(0.800)
PLA Sav 13	Night Time Noise Reduction Service	Saving	(2.0)	(0.085)	(0.028)	0.000	(0.113)
PLA Sav 22	Re-introduce bulky waste charges	Saving	0.0	(0.307)	0.000	0.000	(0.307)
PLA Sav 09	Reviewing provision of Household Reuse and Recycling Centres (HRRCs)	Saving	0.0	(0.011)	(0.100)	0.000	(0.111)
PLA Sav 01	Reduce the Antisocial Behaviour Team	Saving	0.0	(0.080)	0.000	0.000	(0.080)
PLA Sav 04	Reduce Functions and Team in the Violence Reduction Unit	Saving	0.0	(0.204)	0.000	0.000	(0.204)
PLA Sav 27	15% Immediate Measures Staffing Savings	Saving	0.0	(3.665)	0.000	0.000	(3.665)

Total Savings			3.9	(12.759)	(7.378)	(3.513)	(23.650)
PLA Gro 06	Unachievable FM Staff Savings	Growth	0.0	0.100	0.000	0.000	0.100
PLA Gro 09	Reduction of recharges of revenue costs to capital	Growth	0.0	1.360	0.000	0.000	1.360
PLA Gro 05	Highways Maintenance Growth	Growth	0.0	0.400	1.000	1.000	2.400
PLA Gro 10	Active Lives PH Funding	Growth	0.0	0.418	0.000	0.000	0.418
PLA Gro 01	Violence Reduction Management - Sufficient Revenue Costs	Growth	0.0	0.082	0.000	0.000	0.082
PLA Gro 07	Investment Property Income Decline	Growth	0.0	6.445	(0.150)	0.000	6.295
PLA Gro 08	Landlords Rent Growth	Growth	0.0	1.297	(0.050)	0.000	1.247
Removed	Building Control	Growth	0.0	0.000	0.000	0.000	0.000
Total Growth			0.0	10.102	0.800	1.000	11.902
Total For Place Department			3.9	(2.657)	(6.578)	(2.513)	(11.748)

Resources

Proposal Ref	Proposal Name:	Savings/Income and Growth	2021/22 FTE	2021/22 £ m	2022/23 £ m	2023/24 £ m	TOTAL 2021/24 £m
RES Sav 11	Voluntary Community Services Small Grants	Saving	0.0	(0.100)	0.000	0.000	(0.100)
RES Sav 10	Rent Subsidy	Saving	0.0	(0.244)	0.000	0.000	(0.244)
RES Sav 09	Policy Team Reduction	Saving	(2.0)	(0.110)	0.000	0.000	(0.110)
RES Sav 07	Communities Team Reduction	Saving	(2.0)	(0.123)	0.000	0.000	(0.123)
RES Sav 20	Community Safety Fund Reduction	Saving	0.0	0.000	(0.400)	0.000	(0.400)
RES Sav 29	Stop Your Croydon publication	Saving	0.0	(0.050)	0.000	0.000	(0.050)
RES Sav 13	Reduction to the Communications Team	Saving	(7.6)	(0.218)	0.000	0.000	(0.218)
RES Sav 27	Removal of campaigns and stop campaigns budget	Saving	0.0	(0.050)	0.000	0.000	(0.050)
REV Sav 26	Restructure of Croydon Digital Services to provide a reduced service for support and maintenance of core ICT for staff	Saving	0.0	(0.175)	(0.030)	0.000	(0.205)
RES Sav 24	Croydon Digital Services Reduction in IT contract costs due to smaller workforce	Saving	0.0	(0.050)	(0.100)	0.000	(0.150)
RES Sav 23	Extensions or procurements of core IT contracts	Saving	0.0	(0.340)	(0.150)	(0.250)	(0.740)
RES Sav 25	Rent out LBC capacity to Brent	Saving	0.0	(0.072)	0.000	0.000	(0.072)

RES Sav 22	Croydon Digital Services Large Format Digital Advertising	Saving	0.0	0.000	(0.045)	(0.150)	(0.195)
RES Sav 16	Reduce staffing in Mayor's Office	Saving	0.0	(0.098)	0.000	0.000	(0.098)
RES Sav 15	Deliver governance Review in cost neutral way	Saving	0.0	(0.250)	0.000	0.000	(0.250)
RES Sav 18	Scale back members special responsibility allowances	Saving	0.0	(0.303)	0.000	0.000	(0.303)
RES Sav 04	Deletion of legacy oracle financials	Saving	0.0	0.000	0.000	(0.060)	(0.060)
RES Sav 03	Reduce Learning and Organisational Development service	Saving	0.0	0.000	0.000	(0.135)	(0.135)
RES Sav 05	Redesign core teams within the human resources service based on workflow assessment	Saving	0.0	0.000	0.000	(0.200)	(0.200)
RES Sav 06	HR Management Team Reorganisation	Saving	0.0	0.000	0.000	(0.210)	(0.210)
RES Sav 01	Deletion of Learning and Development manager post	Saving	0.0	(0.080)	0.000	0.000	(0.080)
RES Sav 30	Consolidation of Training Spend	Saving	0.0	(0.200)	0.000	0.000	(0.200)
RES Sav 12	HWA contract reductions	Saving	0.0	(0.242)	(0.110)	(0.075)	(0.427)
RES Sav 32	Community Equipment Service Income Generation	Saving	0.0	(0.075)	0.000	(0.050)	(0.125)
RES Sav 31	Business intelligence	Saving	(1.0)	(0.065)	0.000	0.000	(0.065)
RES Sav 33	Review of staffing portfolio across C&P services (Procurement, HWA, Place, CFE and P&B)	Saving	(5.0)	(0.260)	(0.175)	(0.100)	(0.535)
RES Sav 36	Consolidate debt collection	Saving	0.0	0.000	(0.060)	0.000	(0.060)
RES Sav 37	Simpler Council Tax Support Scheme	Saving	0.0	0.000	(0.250)	0.000	(0.250)
RES Sav 38	Automation Of Revenue Processes	Saving	(1.0)	(0.050)	(0.100)	0.000	(0.150)
RES Sav 39	Digital by default for billing	Saving	0.0	0.000	(0.120)	0.000	(0.120)
RES Sav 40	ICT savings	Saving	0.0	(0.010)	(0.153)	(0.047)	(0.210)
RES Sav 41	15% Immediate Measures Staffing Savings	Saving	0.0	(1.817)	0.000	0.000	(1.817)
Total Savings				(18.6)	(4.982)	(1.693)	(1.277)
RES Gro 07	Agency rebate internal model	Growth	0.0	3.610	0.000	0.000	3.610
RES Gro 12	Croydon Equipment Service Pension Cost Shortfall	Growth	0.0	0.308	0.000	0.000	0.308
RES Gro 11	Business Intelligence Team - permanent resource	Growth	3.0	0.212	0.000	0.000	0.212
RES Gro 04	Correction of reliance on capital funding for business as usual works	Growth	0.0	4.054	(0.325)	(0.355)	3.374
Seth A	Cost of May 2022 Election (Net of Reserve)	Growth	0.0	0.000	0.250	(0.250)	0.000
Seth A	Cost of Directly Elected Mayor Referendum	Growth	0.0	0.650	(0.650)	0.000	0.000
RES Gro 05	Build resilience for the finance team	Growth	10.0	1.000	0.000	0.000	1.000
RES Gro 03	Corporate Programme Management Office	Growth	4.0	0.480	0.000	0.000	0.480
RES Gro 09	Unachieved 20/21 Saving - Recharges to HRA	Growth	0.0	2.000	0.000	0.000	2.000

RES Gro 08	Unachieved 20/21 Saving - Recharges to Capital	Growth	0.0	0.500	0.000	0.000	0.500
RES Gro 14	Removal of Gateway Income Virement Pressure	Growth	0.0	0.218	0.000	0.000	0.218
RES Gro 13	Growth to remove unachievable parking permits saving	Growth	0.0	0.300	0.000	0.000	0.300
RES Gro x	Additional HR Capacity to Support Organisational Change	Growth	0.0	0.253	0.005	(0.258)	0.000
Total Growth			17.0	13.585	(0.720)	(0.863)	12.002
Total For Resources Department			(1.6)	8.603	(2.413)	(2.140)	4.050
TOTAL FOR ALL DEPARTMENTS			(2.7)	28.703	(17.426)	(9.497)	1.780

Corporate Items

Proposal Ref	Proposal Name:	Savings/Income and Growth	2021/22	2021/22	2022/23	2023/24	TOTAL 2021/24
			FTE	£ m	£ m	£ m	£m
COR Sav 05	Pension Contribution	Saving	0.0	(0.589)	(0.589)	0.000	(1.178)
COR Sav 06	Increased social Care Grant	Saving	0.0	(0.405)	0.000	0.000	(0.405)
COR Sav 07	Lower Tier Services Grant	Saving	0.0	(0.634)	0.000	0.000	(0.634)
COR Sav 17	Fees and Charges	Saving	0.0	(1.000)	(0.200)	(0.200)	(1.400)
COR Sav 14	Use of NNDR Smoothing Risk Reserve	Saving	0.0	(7.000)	7.000	0.000	0.000
COR Gro 22	Business Rates s31 Grant Funding	Saving	0.0	(18.072)	24.199	0.000	6.127
COR Gro 19	Interest Payable	Saving	0.0	(0.077)	(0.490)	(2.569)	(3.136)
COR Sav 15	Local Council Tax Income Guarantee 20/21 Grant	Saving	0.0	(4.536)	4.536	0.000	0
COR Sav 04	Revenue Support Grant	Saving	0.0	(0.078)	(0.284)	(0.290)	(1)
COR Sav 11	Business Rates Top-Up Grant	Saving	0.0	0.000	(2.883)	(0.733)	(4)
COR Sav 12	Locally Retained Business Rates	Saving	0.0	(0.134)	(0.526)	(0.751)	(1)
COR Sav 01	Council Tax - Tax Base Changes	Saving	0.0	4.045	(4.357)	(2.920)	(3)
COR Sav 02	Council Tax - Social Care Precept	Saving	0.0	(5.660)	0.000	0.000	(6)
COR Sav 03	Council Tax - Band D General Increase	Saving	0.0	(3.755)	(4.033)	(4.176)	(12)
Total Savings			0.0	(37.895)	22.373	(11.639)	(27.161)
COR Gro 01	Pay Inflation Provision	Growth	0.0	2.804	3.814	3.890	10.508

COR Gro 02	Contract Inflation Provision	Growth	0.0	5.142	6.859	6.996	18.997
COR Gro 03	New Homes Bonus	Growth	0.0	2.161	3.400	1.768	7.329
COR Gro 05	Bad Debt Provision	Saving	0.0	0.100	0.000	0.000	0.100
COR Gro 06	Contingency Provision	Growth	0.0	3.000	5.000	5.000	13.000
COR Gro 09	Precepts and Levies	Growth	0.0	0.030	0.031	0.031	0.092
COR Gro 24	Asylum Seekers Budget Correction	Growth	0.0	2.137	0.000	0.000	2.137
COR Gro 20	Cessation of Flexible Homelessness Support Grant	Growth	0.0	1.100	0.000	0.000	1.100
COR Gro 27	Improvement Costs	Growth	0.0	1.000	0.000	0.000	1.000
COR Gro 17	Interest on Brick by Brick Loans	Growth	0.0	4.592	6.908	0.000	11.500
COR Gro 18	Dividend on Brick by Brick Investment	Growth	0.0	5.200	0.000	0.000	5.200
COR Gro 25	Other Interest Receivable	Growth	0.0	1.871	0.000	0.000	1.871
COR Gro 26	Minimum Revenue Provision Charges	Growth	0.0	0.949	1.461	0.584	2.994
COR Gro 11	Contribution to GF Balances	Growth	0.0	5.000	5.000	5.000	15.000
COR Gro 04	Collection Fund (Surplus) / Deficit - Council Tax	Growth	0.0	2.451	0.052	0.000	2.503
COR Sav 16	LCIG 20/21 Grant Transfer To/(From) Earmarked Reserve	Growth	0.0	3.024	(4.536)	0.000	(1.512)
COR Gro 23	Business Rates s31 Grant Smoothing Reserve	Growth	0.0	17.649	(17.649)	0.000	0.000
COR Sav 13	Collection Fund (Surplus) / Deficit - NNDR	Growth	0.0	0.185	(1.910)	0.000	(1.725)
COR Gro 21	NNDR Collection Fund 20-21 Deficit - Spreading Cost	Growth	0.0	0.797	0.000	0.000	0.797
Total Growth	Resources - Growth		0.0	59.192	8.430	23.269	90.891
Total For Corporate items			0.0	21.297	30.803	11.630	63.730

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SUMMARY OF REVENUE ESTIMATES - FINANCIAL STRATEGY PLANNING MODEL

Appendix B

SERVICE DEPARTMENT	2021/22 Budget £'m	Estimated 2022/23 Budget £'m	Estimated 2023/24 Budget £'m
Health, Wellbeing and Adults	143.368	139.542	136.916
Children, Families and Education	115.670	111.061	108.842
Place	61.819	55.241	52.728
Resources	31.776	29.363	27.223
Corporate Items	8.984	18.790	29.476
NET EXPENDITURE	361.617	353.997	355.185
Contribution to provisions for Doubtful Debts	1.150	1.150	1.150
Interest (Net)	23.182	29.600	27.031
MRP	10.796	12.257	12.841
Capitalisation Direction	(50.000)	(25.000)	(5.000)
Revenue Expenditure Funded by Capital Under Statute (REFCUS)	(4.574)	(4.574)	(4.574)
Capital Asset Charges Adjustment	(33.300)	(33.300)	(33.300)
Contingency	1.955	6.955	11.955
Core Grants	(35.941)	(25.991)	(24.223)
Levies	1.534	1.544	1.575
Contribution to / (from) General Balances	10.000	15.000	20.000
Contribution to / (from) Earmarked Reserves	(7.000)	0.000	0.000
Budget Gap	0.000	38.278	60.411
TOTAL ADJUSTED BUDGET REQUIREMENT	279.419	369.917	423.051
Financed by:			
Revenue Support Grant	(14.205)	(14.489)	(14.779)
Business Rates Top Up Grant	(34.192)	(37.075)	(37.808)
Business Rates Income	(37.482)	(38.008)	(38.759)
Collection Fund Surplus/Deficit	4.554	2.696	2.696
Croydon Tax Element	(198.094)	(206.484)	(213.580)
Greater London Authority Precept Element	(47.254)	(47.254)	(47.254)
TOTAL COUNCIL TAX REQUIREMENT	(245.348)	(253.738)	(260.834)

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COUNCIL TAX INCREASES

Band	2020/21 Croydon Council Tax £	2020/21 Croydon Adult Social Care Precept £	2020/21 Croydon Tax £	2020/21 GLA Precept Draft £	2020/21 Overall Tax £
A	883.41	84.61	968.02	221.38	1,189.40
B	1,030.65	98.71	1,129.36	258.28	1,387.64
C	1,177.88	112.81	1,290.69	295.17	1,585.87
D	1,325.12	126.91	1,452.03	332.07	1,784.10
E	1,619.59	155.11	1,774.70	405.86	2,180.56
F	1,914.06	183.31	2,097.37	479.66	2,577.03
G	2,208.53	211.52	2,420.05	553.45	2,973.50
H	2,650.24	253.82	2,904.06	664.14	3,568.20

2021/22 Croydon Council Tax £	2021/22 Croydon Adult Social Care Precept £	2021/22 Croydon Tax £	2021/22 GLA Precept Draft £	2021/22 Overall Tax £
902.68	113.65	1,016.33	242.44	1,258.77
1,053.13	132.59	1,185.72	282.85	1,468.57
1,203.57	151.53	1,355.10	323.25	1,678.35
1,354.02	170.47	1,524.49	363.66	1,888.15
1,654.91	208.35	1,863.26	444.47	2,307.73
1,955.81	246.23	2,202.04	525.29	2,727.33
2,256.70	284.12	2,540.82	606.10	3,146.92
2,708.04	340.94	3,048.98	727.32	3,776.30

Band D % Change			
Croydon Council Tax	Croydon Adult Social Care Precept	GLA Precept	Overall Increase
1.99%	3.00%	9.50%	5.83%
£28.90	£43.56	£31.59	£104.05
£0.56	£0.84	£0.61	£2.00
			Per Annum
			Per Week

2020/21 BAND	Annual increase £	Weekly Increase £
A	69.37	1.33
B	80.93	1.56
C	92.49	1.78
D	104.05	2.00
E	127.17	2.45
F	150.30	2.89
G	173.42	3.33
H	208.10	4.00

OVERALL CHANGE
5.83%

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RECOMMENDATIONS FOR COUNCIL TAX REQUIREMENT 2021/22

The Cabinet has considered a report in respect of the level of Council Tax for 2021/22 and the setting of the Council's Revenue and Capital Budgets for the forthcoming financial year. .

In summary, the Cabinet recommends to the Council a 2021/22 Council Tax at Band D for Croydon purposes of £1,325.12, in addition a 3.0% increase for the Adult Social Care Levy £126.91, GLA Precept of £332.07, giving an overall Band D charge, £1,888.15, a 1.99% increase for Croydon Council, a 3.00% increase for the adult social care levy and a 5.9% increase for the GLA.

Following detailed consideration, the Cabinet recommends that the Council should:

- (1) Approve the 2021/22 Revenue Budget of £279.421m, an increase in budget requirement of 0.78%
- (2) Approve the 2021/22 Council Tax Requirement of £198.094m.

Calculation of Council Tax Requirement		£'000	£'000	£'000
(A)	Expenditure and other charges (as set out in section 31A(2) (a) to (f) of the Act)			
(i)	expenditure on Croydon's services, local precepts and levies		876,888	
(ii)	allowance for contingencies		3,830	
(iii)	transfer to General Reserves		10,000	
(iv)	transfer to Earmarked Reserves		-7,000	
(v)	transfer from the General Fund from the Collection Fund in respect of prior year deficit on the Collection Fund,		4,554	
				888,272
	<i>Less</i>			
(B)	Income and other credit items (in Section 31A(3) (a) to (d) of the Act)			
(i)	Income from services		518,358	
(ii)	Transfer to the General Fund from the Collection Fund in respect of prior year surplus on the Collection Fund,			
(iii)	Income from Government			
	Capitalisation	50,000		
	Core Grants	35,941		
	Business Rates Top Up Grant	34,192		
	Business Rates Income	37,482		
	Revenue Support Grant	14,205		
			171,820	690,178
	<i>Equals</i>			
(C)	The Council Tax Requirement, i.e. the amount by which the expenditure and other charges exceed the income and other credits.*			198,094
	This is (A) above less(B) above (as per Section 31A(4) of the Act)			
Calculation of basic amount of council tax				
(C)	Council Tax Requirement			198,094
	<i>Divided by</i>			
(D)	The Council's Tax base			129,941
	<i>Equals</i>			
(E)	The Basic amount of Council Tax (i.e., the Council Tax for a Band D property to which no relief or exemption is applicable) for services charged to Croydon's General Fund (This is (C) above divided by the tax base at (D) as per Section 31(B) of the Act)			1,524.49
	* The exact figure is	£198,093,755.09		

(F) The tax for different bands calculated as follows (as per Section 36(1) of the Act):

Council Tax for Croydon for 2021/22	
Band A	6/9 x £1,524.49 = £1,016.33
Band B	7/9 x £1,524.49 = £1,185.72
Band C	8/9 x £1,524.49 = £1,355.10
Band D	9/9 x £1,524.49 = £1,524.49
Band E	11/9 x £1,524.49 = £1,863.26
Band F	13/9 x £1,524.49 = £2,202.04
Band G	15/9 x £1,524.49 = £2,540.82
Band H	18/9 x £1,524.49 = £3,048.98

(G) to which is added the following precept (issued by the Mayor of London, in exercise of the powers conferred on him by sections 82, 83, 85, 86, 88 to 90, 92 and 93 of the Greater London Authority Act 1999 ("the 1999 Act") and sections 40, 47 and 48 of the Local Government Finance Act 1992 ("1992 Act"))

GLA Precept For 2021/22	
Band A	242.44
Band B	282.85
Band C	323.25
Band D	363.66
Band E	444.47
Band F	525.29
Band G	606.10
Band H	727.32

(H) That, having calculated the aggregate in each case of the amounts at (F) and (G) above the Council, in accordance with section 30(2) of the local government finance act 1992, hereby set the following amounts as the amounts of council tax for the year 2021/22 for each of the categories of dwellings shown below:-

Total Council Tax For 2021/22	
Band A	1,285.77
Band B	1,468.57
Band C	1,678.35
Band D	1,888.15
Band E	2,307.73
Band F	2,727.33
Band G	3,146.92
Band H	3,776.30

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Consultation response pro-forma

Provisional Local Government Finance Settlement 2021-22

If you are responding to this consultation by email or in writing, please reply using this questionnaire pro-forma, which should be read alongside the consultation document.

You should save the pro-forma on your own device, from which you can complete the survey at your own pace and submit when you are ready.

There are 9 questions. You do not have to answer every question should you not wish to.

Should you wish to attach further evidence or supporting information, you may attach and send this with the pro-forma.

Please **email responses to:**

LGfsettlement@communities.gov.uk

Alternatively, **written responses should be sent to:**

Local Government Finance Settlement Team
Ministry of Housing, Communities and Local Government
2nd floor, Fry Building
2 Marsham Street
London
SW1P 4DF

Your opinions are valuable to us. Thank you for taking the time to read the consultation document and respond.

Your Details (Required details are marked with an asterisk (*))

Full Name*	LISA TAYLOR
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Consultation response pro-forma

Are the views Expressed on this form an official response from a:

London Borough.

We welcome the opportunity to comment on the 2021/22 provisional local government finance settlement consultation and the above inflation uplift in overall funding. We are disappointed the vast majority (85%) of the uplift will fall directly on council tax-payers through assumed council tax increases.

We believe the overall increase in core spending power should have come from central government funding rather than leaving councils with little choice but to raise council tax by the maximum amount, with so much pressure already on residents struggling through the pandemic.

Question 1

Do you agree with the Government's proposed methodology for the distribution of Revenue Support Grant in 2021-22?

Yes

Additional comments

Croydon Council agrees with the proposed approach to distributing the Revenue Support Grant in 2021/22. We would welcome greater certainty with a multiyear settlement, which would enable us to have a greater focus on medium term financial planning.

We do remain concerned that the drivers in the formula, e.g. population, deprivation, other aspects of need, are out of date and so does not accurately reflect Croydon's needs.

Consultation response pro-forma**Question 2**

Do you agree with the proposed package of council tax referendum principles for 2021-22?

No

Additional comments

We do not agree with the proposed package of council tax referendum principles for 2021/22. Council tax is the only locally determined tax and local authorities must have full flexibility in how it is used as well as how it is set that strikes the appropriate balance between local needs and local resources. Capping creates significant central control over the only locally determined tax.

Given that the Adult Social Care Precept is proposed to continue for a further year, we would urge the Government to allow full flexibility for it to be spent on both adult and children's social care.

Consultation response pro-forma

Question 3

Do you agree with the Government's proposals for the Social Care Grant in 2021-22?

Yes

Additional comments

The additional £300 million uplift in funding for social care is welcome and much needed. We also welcome the fact that the Social Care Grant will remain unringfenced, and conditions or reporting requirements will not be attached.

However, we continue to disagree with the proposed method for distributing funding for both children and adult social care using solely the adult social care relative needs formula. If the intention is for this funding to alleviate pressure on both adult and children's social care, its distribution should reflect relative levels of needs in both services.

We note that this settlement represents a continuation of a short-term approach to social care funding. We therefore welcome the Government's commitment to set out its long-awaited visions for social care reform in 2021, and look forward to engaging with this process.

Consultation response pro-forma

Question 4

Do you agree with the Government's proposals for iBCF in 2021-22?

Yes

Additional comments

We welcome the continuation of the iBCF and agree with the proposals.

Consultation response pro-forma**Question 5**

Do you agree with the Government's proposals for New Homes Bonus in 2021-22?

Yes

Additional comments

We welcome the proposed New Homes Bonus allocations. We are however disappointed in the reduction of this funding stream, and the phasing out of legacy payments. The forthcoming consultation, is an important step towards providing more certainty regarding the future of the scheme, and we look forward to inputting on any future reforms.

Consultation response pro-forma**Question 6**

Do you agree with the Government's proposal for a new Lower Tier Services Grant, with a minimum funding floor so that no authority sees an annual reduction in Core Spending Power?

Yes

Additional comments

We welcome the Lower Tier Services Grant, as it provides a much-needed funding increase for service areas that have been hit hard by pandemic (including homelessness and leisure services). We also agree in principle with a no loss principle that a minimum funding floor implements.

Consultation response pro-forma**Question 7**

Do you agree with the Government's proposals for Rural Services Delivery Grant in 2021-22?

No

Additional comments

Croydon Council disagrees with the provision of additional funding to rural areas through this mechanism. All funding allocated through this separate grant could have been distributed more fairly across all local authorities in England based on proven need.

The additional funding for rural areas raises questions about the adequacy of funding for urban areas, particularly the impact of population underestimation, high levels of mobility, and the increased potential for Covid transmission in densely populated areas. If the Government is minded to further recognise some of the financial pressure on rural authorities, we believe that it is reasonable to expect further consideration to be given to the unique pressures faced by urban areas such as London, including Croydon.

Consultation response pro-forma**Question 8**

Do you have any comments on the Government's plan not to publish Visible Lines?

Yes

Additional comments

We agree with the removal of visible lines from the settlement which, as stated in the consultation document, are notional as the core settlement is not ring fenced. We question why this decision has been taken now, and not last year, when the underlying logic (removing decisions taken in previous spending reviews) has not changed.

Consultation response pro-forma

Question 9

Do you have any comments on the impact of the proposals for the 2021-22 settlement outlined in this consultation document on persons who share a protected characteristic, and on the draft equality statement published alongside the consultation document? Please provide evidence to support your comments.

No comment

Additional comments

DEDICATED SCHOOLS GRANT (DSG)**Table 1 – 2021/22 DSG Funding Breakdown**

DSG Funding Blocks	Total £m
Schools Block (before recoupment)	281.313
High Needs Block (before recoupment)	73.100
Central Schools Services Block	6.046
Early Years Block	30.108
Total DSG Funded Services	390.567

2021/22 DSG allocation for Croydon

In 2021/22 the total DSG settlement for Croydon (including academies) is £390.567m. Academy recoupment is estimated to be in excess of £190m in 2021/22 reducing the DSG total to £200.6m. This total will be subject to change depending on the number of new schools that convert to academies during the year.

The funding per pupil as a result of the introduction of the National Funding Formula (NFF) stipulates a minimum funding rate. The NFF provides two per pupil funding rates, one for primary pupils and one for secondary pupils. In 2021/22, the respective funding rates are £4,821 and £6,433. The 2020/21 rates per pupil were £4,505 for primary pupils and £5,987 for secondary pupils.

The latest pupil numbers used to calculate the DSG funding are 51,022.5 for the Schools Block and 9,648 (part time equivalent two to four year olds) within Early Years. These numbers are based on the October 2020 Pupil Level Annual School Census (PLASC) count, although the Early Years Census in January 2021 will be used to update Croydon's DSG allocation with more accurate Early Years pupil numbers during 2021/22.

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Croydon Council

Pay Policy Statement 2021-22

1. Introduction

- 1.1. The Council aims to ensure that its remuneration packages are fair, equitable and transparent and offer suitable reward for the employment of high quality staff with the necessary skills and experience to deliver high quality services.
- 1.2. This Pay Policy Statement sets out the Council's policy relating to the pay of its workforce (excluding school-based employees) as required under the Localism Act 2011. The Localism Act requires the Council to have considered, approved and published a Pay Policy Statement for each financial year.
- 1.3. Under section 112 of the Local Government Act 1972, the Council has the "power to appoint officers on such reasonable terms and conditions as the authority thinks fit". In accordance with Section 38 of the Localism Act, this Pay Policy Statement sets out the Council's policy for 2021/22 on:
- The remuneration of its senior staff designated Chief Officers
 - The remuneration of its lowest paid employees
 - The relationship between the remuneration of its Chief Officers and the remuneration of staff who are not Chief Officers
- 1.4 Where this policy refers to Chief Officers, this means the Chief Executive, Executive Directors, and Directors. Where the policy refers to the Council's lowest-paid employees this means those that are paid on the lowest established grade and scale point i.e. Grade 1, point 02. This definition of lowest-paid employees has been adopted because it reflects the lowest salary payable under the Council's job evaluation scheme and grading structure.
- 1.4.1 The Council is proposing to introduce a new JNC pay scale for Chief Officers, excluding the Chief Executive in line with new senior management structure proposals. The new grading structure for Croydon Chief Officer Grades is at Appendix B and is proposed for adoption during the financial year 2021/22.
- 1.5 Remuneration in this context is defined widely to include not just pay but also charges, fees, allowances, benefits in kind, increases in enhancements of pension entitlements and termination payments.
- 1.6 Following the decision of the Annual Council meeting on 03 June 2014, the Appointments Committee has delegated responsibility for approving appointments in accordance with the threshold specified in statutory guidance issued by the Secretary of State under section 40 of the Localism Act 2011. Government guidance is that Full Council takes decisions about remuneration packages for new appointments of £100,000 per year or more, as well as severance packages of £100,000 or more

1.7 Once approved, all remuneration paid to officers will comply with this policy for the 2021-22 financial year. The statement will be reviewed in accordance with legislation prevailing at the time.

1.8 In accordance with Part 3 of the Constitution – Responsibilities for Functions the Chief Executive’s Scheme of Authorisations provides delegated authority to the Director of Human Resources for pay and terms and conditions for staff other than the Chief Executive and senior staff covered by the Joint National Council for Chief Officers. Grading and conditions of service for senior staff are approved by the Appointments Committee. Reference paragraph 4.2.8 and 4.2.9 of Part 3 of the Constitution Responsibilities for Functions – see extracts below:

“.....the Chief Executive’s delegation is subject to:

4.2.8 “the approval of the Director of Human Resources to the grading and conditions of service of staff (other than those based in schools or subject to the conditions of service of the Chief Officers and Chief Executives J.N.C

4.2.9 the approval of the Appointments Committee to grading and conditions of service of staff employed subject to the conditions of service of the Chief Officers and Chief Executives J.N.C”

1.9 Subject to circumstances it may be necessary to amend this Pay Policy statement during the financial year. Any changes or amendments made will be subject to full Council approval.

2. Pay structure

2.1. The Council uses a combination of locally and nationally determined pay structures for its workforce.

2.2. The Council will determine the appropriate grade for each job in accordance with either the Greater London Provincial Council (GLPC) Job Evaluation Scheme or the Hay Job Evaluation Scheme depending upon the job requirements and the level of responsibility of its employees within the organisation. The GLPC scheme considers posts graded from Grade 1 to Grade 17 and the Hay scheme is used for posts graded Croydon Special Range A and B and will be used for the introduction and maintenance of newly determined local grades for JNC senior staff, Croydon Chief Officer Grades 1-5 to be introduced during the 2021/2022 financial year..

a) The pay structures, including basic pay, for the Chief Executive and Head of Paid Service, Executive Directors, Directors and posts at Croydon Special Range (CSR) level are determined locally. This will also be the case for the proposed Croydon Chief Officer Grades to be implemented during the 2021/2022 financial year.

b) The basic pay for teachers, lecturer, youth workers and Soulbury staff is in accordance with nationally negotiated pay structures.

c) To reflect market and industry specific factors, staff in the in-house bailiff service have locally determined pay arrangements which includes an element

of performance pay. Social Workers and social work managers in children's social care services receive recruitment and retention payments to reflect key skills shortages in this sector.

- d) For the majority of other staff, the Council uses a locally determined grading structure aligned to the relevant London pay spine of the Greater London Provincial Council.
- 2.3. Pay allowances other than basic pay are the subject of local or nationally negotiated rates having been determined from time to time in accordance with the collective bargaining arrangements and/or as determined by the Council.
- 2.4. Other than for the Chief Executive and Head of Paid Service, Executive Directors and Directors, the Council adheres to national pay bargaining and will normally apply a nationally negotiated cost of living pay award for staff covered by the relevant negotiating body and any increase will be payable with effect either from 1 April for NJC and or 1 September (for Soulbury, Youth and Centrally Appointed Teachers).
- 2.4.1 With the introduction of the anticipated Croydon Chief Officer Grades during the 2021/22 financial year, with the exception of the Chief Executive and Head of Paid Service the Council will reflect the JNC pay award payable from 1st April, as per national pay bargaining for those who will in future be paid on those grades.
- 2.5. Employees who have joined the Council as a result of a Transfer of Undertakings Protection of Employment (TUPE) transfer may have different arrangements. In accordance with TUPE the Council will comply with any such contractual arrangements in relation to the pay for such employees. Should conditions arise which support a business case for staff to be offered an opportunity to move to Council terms and conditions this will be considered in accordance with legal obligations.

3. Remuneration

- 3.1. For the purpose of this pay policy statement, Chief Officers include:
- a) The Chief Executive and Head of Paid Service; Executive Directors; Directors;
- 3.2. Current remuneration for Chief Officers is set out below:
- a) The Chief Executive and Head of Paid Service is to be paid a spot salary of £192,474, The salary, is subject to review every two years and is next due to be reviewed in April 2022.
- b) Executive Directors and Directors are currently paid on spot salaries as set out in Appendix A without provision for incremental progression. Salaries are subject to review every two years with the last review being 01 April 2019
- c) It is anticipated that during 2021/22 a new pay range for Croydon Chief Officer Grades will be introduced in line with a proposed senior

management structure. This will include new Corporate Director roles and Director posts. These roles will be placed on a grade and salary within the Croydon Chief Officer Grades 1-5, following evaluation of their post using the Hay job evaluation scheme with provision for incremental progression to the top spinal point of the grade. Salaries will be reviewed in line with national awards, as determined by the JNC for Local Authority Chief Executives.

3.3 For the purposes of this pay statement posts defined as deputy chief officers are those paid on Croydon Special Range grades who report to Directors, and include:-

a) Heads of Service and certain senior staff in posts above grade 17 but below Chief Officer. These posts are placed on a salary within Croydon Special Range A and B following evaluation using the Hay job evaluation scheme with provision for incremental progression to the top spinal point of the grade. Salaries are reviewed in line with national joint council pay awards

The grades and salary structures for Chief Officers and Croydon Special Range A and B are shown in Appendix A.

The proposed Croydon Chief Officer Grades are shown in Appendix B

3.4 The pay of the Chief Executive and Head of Paid Service is determined on appointment with reference to market rates. In establishing market rates, the Council will compare remuneration data from other comparable local authorities. This allows closer benchmarking where possible to take account of factors such as population size, social demographics, budgetary responsibilities, economic and regeneration activity.

Additional remuneration elements

3.5 The Council does not apply any bonuses or performance payments to its senior staff. In addition to basic pay, elements of “additional pay”, other than those that constitute re-imbursement of expenses incurred during the fulfilment of duties, are set out below:

- a) In order to recruit or retain employees in a post at its designated grade or spot point consideration will be given to the use of market supplements as approved by the Director of Human Resources and Chief Executive with such payments being subject to periodic review. Market supplements will, when added to basic pay, not normally exceed 10% of base pay but by formal exception may be up to 20% of base pay. Any market supplement for the Chief Executive and Chief Officers will be recommended by the Director of Human Resources and Chief Executive and determined by the Appointments Committee.
- b) A compulsory car allowance may be made to authorised car users at all levels of the workforce other than to Chief Officers. The compulsory car allowance applies to employees where driving a car is an integral feature of the employee’s post and the employee is unable to carry out their post

without providing and using their own car. The amount of the allowance depends on the engine size and emissions of the employee's car as shown in Appendix C.

- c) Returning Officer fees: the Council is required by the Representation of the People Act 1983 to appoint an officer to act as the Electoral Registration Officer (ERO) for any constituency or part of a constituency within its area to be responsible for the preparation and maintenance of the electoral register and to act as the Returning Officer (RO) for all elections. Such duties attract a fee payable to the individual, paid for by the Government except in relation to local elections. The fees are set by central government for national elections and referenda and for local elections fees are prescribed by and agreed on an annual basis by the Chief Executives' London Committee, which reports into the London Councils network. The Council's Electoral Registration Officer and Returning Officer is the Chief Executive and Head of Paid Service, as agreed by resolution of the Council or as delegated to a committee.

In her capacity as the Council's Electoral Registration Officer and the Council's Returning Officer, the Chief Executive and Head of Paid Service may appoint deputy Electoral Registration Officers and a deputy Returning Officer. Fees for carrying out such duties are payable to appointed individuals.

- d) From time to time consideration will be given to making additional payments, as approved by the Director of Human Resources, to senior staff who undertake additional and/or higher level responsibilities for example when covering the duties of a vacant Chief Officer post. Such payments are temporary and subject to periodic review.

Remuneration on appointment

- 3.6 Where employees are appointed to a grade, it is the Council's policy to appoint all employees on the bottom spinal point of the grade unless there are exceptional circumstances as authorised by the relevant Director and approved by the Director of Human Resources or in the case of senior staff, the Appointments Committee
- 3.7 In exceptional circumstances and subject to approval of the Director of Human Resources, where it is necessary for a newly appointed employee to relocate and move home to take up appointment a contribution towards certain relocation expenses may be made. A copy of the scheme, is attached as Appendix D.
- 3.8 Appointments to Chief Officer posts will be made within the grade and salaries stated for the respective post as set out in Appendix A. With the introduction of the proposed Croydon Chief Officer Grades, once these are implemented, appointments will be made within the grade and salaries stated for the respective post as set out in Appendix B

Redundancy payments and payments on leaving and the Restriction of Public Sector Exit Payments Regulations 2020

- 3.9 The Council has a single redundancy scheme which applies to all employees including Chief Officers (see Appendix D). The Council does not make any other payments to employees on termination of their employment other than those, where there is a statutory or contractual requirement to do so, such as payment for accrued and untaken annual leave.
- 3.10 Subject to paragraph 1.6 above, in exceptional circumstances other severance payments may be made subject to agreement of the Chief Executive and Head of Paid Service and the Director of Human Resources and as allowed for in the Council's scheme of delegation. Such payment will take account of the Council's contractual and legal obligations, the Council's reputation and whether the payment would have the effect of improving the Council's financial situation.
- 3.11 On 4th November 2020, the Restriction of Public Sector Exit Payments Regulations 2020 came into force. The Regulations placed a £95,000 cap on public sector exit payments in connection with people leaving employment or vacating office. The £95,000 cap applied to redundancy payments (whether compulsory or voluntary) (including statutory and contractual redundancy payments) and, significantly also covered, pension strain costs, which arise when a Local Government Pension Scheme pension is paid unreduced before a member's normal pension age.
- 3.12 On 12th February 2021, the Government announced that it will be revoking the Restriction of Public Sector Exit Payments Regulations 2020 and issued Treasury Directions, the Exit Payment Cap Directions 2021 which came into force on 12th February 2021, to suspend the Restriction of Public Sector Exit Payments Regulations 2020 whilst the formal process of revocation takes place. The Government also issued Guidance which states at paragraph 3.2: '*In light of the withdrawal of the Regulations, employers are encouraged to pay to any former employees who had an exit date between 4th November 2020 and 12th February 2021 and to whom the cap was applied, the additional sums that would have paid but for the cap. Given that the cap has now been disapplied, it is open to employers to do so and HM Treasury's expectation is that they will do so.*' The Council will therefore comply with the Exit Payment Cap Directions 2021 and Guidance.
- 3.13 It is noted that the Guidance at paragraph 1.5 states that '*HM Treasury will bring forward proposals at pace to tackle unjustified exit payments*', therefore it may be necessary to amend this Pay Policy Statement and the Pensions Discretion Statement in 2021, should any further changes to the law be made.

Re-employment of officers previously made redundant and retirement

- 3.14 Where an officer who has previously been made redundant from the Council applies for employment with the Council, their application will be treated on its own merits, the financial merits and wider interests of the Council and will have regard to any agreement under which the officer left their previous employment. Where an officer leaves the Council's employment through voluntary severance or voluntary redundancy arrangements, they will not be allowed to work for the

Council in any capacity, including engagement via employment agencies or as a consultant, for a period of at least one year after leaving.

- 3.15 The Council permits flexible retirement, as permitted by the Local Government Pension Scheme Regulations where by an employee can receive a salary and be in receipt of a pension for doing the same job. Flexible retirement will usually only be agreed where there is no cost to the Council. Exceptions to this will be based on the best interest of the Council and will be agreed by the Corporate Director of Resources in consultation with the Director of Human Resources, except where such a decision relates to either of themselves, when the Chief Executive will be consulted. Employees retiring before their normal retirement age will, therefore, usually receive what is known as an actuarial reduction in their pension as allowed for under the Local Government Pension Scheme Regulations, to reflect the financial impact on the pension fund by the employee's early retirement.

4 Remuneration of lowest paid employees

- 4.1 The definition of "lowest paid employee" is for local determination. The Council has agreed that the lowest paid employee will be those workers employed under a contract of employment on full-time equivalent hours, in accordance with the minimum grade of the Council's agreed grading structure i.e. Grade 1, scale point 02. Workers, such as apprentices, who are engaged on fixed term training contracts, are excluded from this definition.
- 4.2 The Council is a Real Living Wage (formerly the London Living Wage) employer and will pay the Real Living Wage as its minimum rate of pay to employees, other than those engaged specifically on apprentice or similar training contracts. The Council will apply increases in the Real Living Wage with effect from the 01 April following announcement of the increase. With effect from 01 April 2021 the full-time equivalent annual pay of the lowest paid employee will be £21,030, which equates to an hourly rate of pay of £11.20 (this reflects the current Real Living Wage London which is £10.85 per hour).

5 The relationship between the pay of Chief Officers and that of other staff

- 5.1 The Council does not set the pay of individuals or groups of individuals by reference to a simple multiple of the pay of another individual or group. The use of simple pay multiples cannot capture the complexities and dynamics of a highly varied workforce. The Council sets pay as outlined above by reference to the evaluated level of responsibilities of the post or at a rate determined by a national pay body.
- 5.2 Guidance produced under section 40 of the Localism Act recommends that a pay multiple is included in these statements as a way of illustrating the Council's approach to pay dispersion and the Council has decided to publish its pay multiples to aid transparency and future benchmarking:
- The multiple for 2021-22 between the lowest paid employee and the chief executive and head of paid service is a ratio of 1:9

- The multiple between the lowest paid employee and the median chief officer is a ratio of 1:59
- The multiple between the median pay and the chief executive and head of paid service's pay is a ratio of 1:35
- The multiple between the median pay and the average chief officers' pay is a ratio of 1:47

5.3 As part of its overall and ongoing monitoring of alignment with external pay, both within and outside the sector, the Council will use available benchmarking information as appropriate.

6 Non-permanent staffing resources

6.1 To maintain flexibility in delivering services the Council supplements its employee workforce with workers who are not Council employees or on the Council payroll. This non-permanent resource includes consultants, who are procured under a Contract for (Consultancy) Services, and interims who are procured through the Council's managed service provider (the London Group Recruitment Partnership) or other approved third party providers including through the Council's neutral vendor framework.

6.2 In managing its non-permanent staffing resource, the Council seeks to ensure that: the Council and the wider public sector achieve value for money; tax and national insurance liabilities are managed appropriately; and contractual relationships between the Council, workers and third parties are properly reflected. In this regard, it is the Council's policy not to engage directly with self-employed individuals, or wholly owned one person limited companies in all but the rarest of exceptions. Where such arrangements are used, the Council seeks to limit them to a maximum duration of 24 months.

6.3 Where it is necessary to engage a worker at Tier 1 or Tier 2 temporarily as an interim or consultant, the remuneration paid to the individual will generally fall within the following rates. The higher rates of pay, compared to those paid to directly employed staff, are in recompense of interims and consultants not receiving all of the same conditions of employment, most notably regarding leave, pension, redundancy and notice.

Grade of post	Day rate range £ (payable to the individual)
Croydon Special Range	£400 - £525
Director	£525 - £775
Corporate Director	£775 - £900
Chief Executive	£1200 - £1500

6.4 Workers engaged directly by the Council will be assessed to establish whether they fall within the scope of the IR35 legislation using the HMRC employment status tool.

Workers who fall within scope will have Income Tax and National Insurance Contributions deducted and paid over to HMRC.

7 Publication

- 7.1 Upon approval by the full Council this statement will be published on the Council's website. In addition, the Council's Annual Statement of Accounts will include a note setting out the remuneration paid to each member of the corporate management team (the Chief Executive and Head of Paid Service and those reporting directly to her) including the total amount paid to each individual by way of: salary, including fees and allowances; performance related pay; expense allowances; compensation for loss of office; benefits in kind and employers pension contributions. The Annual Statement of Accounts is published on the Council's website.
- 7.2 The Annual Statement of Accounts will also report on termination payments for all employees in keeping with international financial reporting standards. This will show the number of termination payments, within specific financial bands, made to employees during the year.

End

Appendix A

Pay structure for Chief Officers**Chief Officers: 01 April 2021 to 31 March 2022**

Post	Spot Salary
Chief Executive	£192,474
Executive Director of Resources (Monitoring Officer) , Executive Director of Place	£156,060
Executive Director of Children, Families & Schools*	£147,000
Executive Director Health, Wellbeing & Adults, Executive Director,(Localities and Residents programme - 2 year fixed term)	£137,700
Director of Finance, Investment & Risk (S151 Officer)	£130,050
Director of Growth, Employment & Regeneration, Director of Public Health, Director of Early Help & Children Social Care, Director of Procurement & Commissioning, Chief Digital Officer, Director of Law & Governance, Director of Operations	£119,646
Director of Planning & Strategic Transport, Director of Education & Youth Engagement, Director of Public Realm, Director of Homes & Social Investment ,	£109,140
Director of Human Resources, Director of Residents Gateway Services, Director of Housing Assessments & Solutions, Director of Innovation and Integration, Director of Policy & Partnerships	£98,838

Croydon Special Range 01 April 2021 to March 2022

Grade	Scp	Salary *
Croydon Special Range A	1	£65,589
	2	£67,744
	3	£72,053
Croydon Special Range B	4	£82,703
	5	£85,339
	6	£87,968

** as at 2020/21 rates cost of living NJC national pay award for 2021/22 yet to be negotiated*

Appendix B**Croydon Chief Officer Grades**

CCOG	Grade	Minimum	Mid-point	Maximum
Director	Grade 1	£94,986	£96,896	£98,834
Director	Grade 2	£104,902	£107,000	£109,140
Director	Grade 3	£115,000	£117,300	£119,646
Corporate Director	Grade 4	£134,750	£137,445	£140,194
Corporate Director	Grade 5	£141,965	£144,804	£150,547

** as at 2020/21 rates cost of living JNC national pay award for 2021/22 yet to be negotiated*

Appendix C

Car allowances and mileage payments**Car Mileage Rates**

From 1 April 2011 the compulsory car allowance and mileage rates for higher engine banding payments are only to be paid to employees whose vehicles fall within the DVLA bandings A-E for CO2 emissions. Employees whose vehicles fall outside these DVLA bandings will be restricted to the payments for the lower engine size banding, irrespective of the size of their vehicle's engine.

	<u>451 - 999cc</u>	<u>1000</u> - <u>1200</u> -	<u>1199cc</u>	<u>1450cc</u>
<u>Compulsory car users</u>		Only payable for cars within DVLA bandings A-E for CO2 emissions		
Lump sum per annum	£846	£963	£1,239	
per mile first 8,500	36.9p	40.9p	50.5p	
per mile after 8,500	13.7p	14.4p	16.4p	
<u>Casual users</u>		Only payable for cars within DVLA bandings A-E for CO2 emissions		
per mile first 8,500	46.9p	52.2p	65.0p	
per mile after 8,500	13.7p	14.4p	16.4p	

Motorcycle Rate

This will be paid in accordance with the [HMRC approved amount](#) which is 24p per mile.

Bicycle Rate

This will be paid in accordance with the [HMRC approved amount](#) which is 20p per mile.

CROYDON COUNCIL

RELOCATION SCHEME

Introduction

These guidelines may be used to overcome a skills shortage or as a recruitment and retention tool. The Council's approach to attracting, recruiting, developing and retaining talent sometimes needs to be supported to enable the placement of someone with known abilities and expertise into a specific role.

The decision to apply this scheme should be agreed before an offer of employment has been accepted and should preferably be displayed in the job advertisement. An "in principle" offer of assistance, subject to meeting the requirements of the scheme, must be contained in the offer of employment letter. An offer of a relocation package cannot be made after employment commences.

There is no automatic entitlement to help with relocation or the amount paid. Payment is subject to approval in all cases by the relevant tier 1 manager, production of receipts and the amount of budget available within the service. No central relocation budget exists, so payments must be made from the relevant department's own budget.

Relocation assistance will not exceed £8,000, will not normally be provided to employees already employed by the Council (including those on fixed term or temporary contracts) and can be paid once only. Any subsequent moves will not attract a payment.

Eligibility

The following criteria must be met to be eligible for a relocation payment;

- The applicant lives more than 90 minutes travelling distance away from the new workplace and is relocating to a location within that limit.
- all owners or joint owners of the residence are moving, if claiming fees connected with the sale and purchase of a property
- the applicant is moving within 6 months of starting their employment with the Council
- the applicant is not benefiting from relocation assistance from another source (e.g. their partner's employer)
- the applicant is moving to work solely for Croydon

Conditions

The recipient must sign an agreement to remain in Croydon Council's employment for a minimum of three years. If they leave voluntarily or are dismissed on grounds of misconduct or capability within three years, repayment will be due, charged at 1/36 of the total amount of expenses paid per uncompleted month of service.

Two quotes must be obtained for removal and storage expenses for which the lower amount may be reimbursed. Records of payments made will be recorded on the employee's personal file and retained by the manager who signs the agreement.

The employee is responsible for:

- taking steps to sell their property (if applicable) and obtaining accommodation within reasonable travelling distance (90 minutes) within 6 months of their start date with Croydon Council.
- seeking approval for any relocation expenses prior to incurring the expense.
- signing the three year agreement
- providing a full breakdown of costs and comprehensive receipts for all expenses claimed for under the scheme. Bank statements or credit card receipts cannot be accepted.
- providing at least two quotes if claiming for removal expenses.

The manager is responsible for:

- obtaining approval of the Director of Human Resources and their Director and the correct financial authorisation (including departmental expenditure panel if relevant), before offering a relocation package
- subject to the eligibility criteria, informing the successful candidate of the relocation scheme when offering the appointment
- ensuring that finances are available to fund a relocation package
- agreeing with the employee the types of expenses they are able to cover and the maximum amount to be paid
- reviewing the situation if positive steps are not being taken by the candidate/employee to sell and/or buy a new property within 6 months of starting their employment.
- ensuring an agreement is signed by the employee and storing a copy on their personal HR file
- keeping a copy of the agreement, a full breakdown of costs, receipts and quotes.
- arranging for payment(s) to be paid into the employee's bank account before the end of the tax year following their appointment date and that taxable payments are paid via Payroll

- ensuring that records of all payments are kept on the employee's personal HR file
- arranging the recovery of expenses if the employee leaves within three years, including writing to them to confirm the outstanding amount due and informing them if it will be taken out of their final salary or pension contributions.

Tax

Relocation expenses up to £8,000 per move are currently tax free as long as they are provided by the employer before the end of the tax year following the date of appointment (including VAT on expenses), but some payments are taxable. The following expenses may or may not be included in the agreed package.

- Payment for rent where it is necessary to temporarily maintain two homes , up to a maximum of 6 months*
- Travelling costs where two homes are temporarily maintained, up to a maximum of 6 months (either standard class train fares or casual car user mileage rates)
- Legal and Estate Agents fees connected with the sale and purchase of property
- Removal and storage of household furniture and effects
- Disconnection and reconnection of utilities*
- Reinstallation of domestic appliances such as cookers and washing machines*
- Charges incurred for ending a rental agreement early *
- Deposit for rented accommodation *
- Two days paid removal leave in addition to normal leave entitlement*
- Refund of unexpired season tickets*
- Shipping costs, if moving from abroad
- Survey Fees*
- Unplanned costs such as school uniforms, carpets, curtains, *
- Redirection of mail*

*subject to tax and NI contributions

As the tax position may change, it is advisable to check with the HMRC before finalising any arrangements under this guidance.

EARLY RETIREMENT & REDUNDANCY SCHEME (incl. Efficiency of the Service)

Council approved 1981.

Amended by Corporate Services Committee on 11 October 2006; effective from 1st December 2006

Amended 010410: legislative changes

Amended 010411: Employee Based Cost Review (EBCR)

1. SCOPE AND PURPOSE OF SCHEME

- 1.1. This scheme is without prejudice to the Council's and the trade unions' general policy of opposition to redundancies. It outlines the approach the Council may use when making staffing reductions through redundancy, early retirement on the grounds of redundancy, and early retirement on the grounds of efficiency of the service.
- 1.2. The scheme covers all categories of staff except teachers and lecturers for whom a separate scheme exists.
- 1.3. The scheme sets out the normal level of payments made to employees. Certain payments in the scheme are enhanced by the Council exercising its discretion, as allowed for in legislation. The exercise of the Council's discretion is subject to a decision in each case, and the Council reserves the right to apply different payments in particular cases. The Council also reserves the right to withdraw or suspend the scheme at any time.

2. GENERAL

- 2.1. Where redundancies as defined in the Employment Rights Act 1996 are contemplated the Council may choose to seek volunteers for early retirement or redundancy from the staff. Should the number of volunteers for early retirement or redundancy exceed the required number of post reductions the Council will consult staff representatives about the method of selection.

3. EARLY RETIREMENT BY REASON OF REDUNDANCY (only for employees aged 55 and over)

- 3.1. Employees aged 55 or more who are made redundant (including those who volunteer under paragraph 2.1) will be eligible for immediate payment of pension benefits if they have 2 or more years membership in the LGPS (or have less than 2 years membership, but have had a transfer of pension rights into the LGPS from another source).
- 3.2. In addition to immediate payment of pension benefits, employees with 2 years continuous service will also be entitled to a redundancy payment. The redundancy payment will be calculated as set out in section 4.

- 3.3. The granting of any augmentation in respect of redundancy and early retirement in the interests of the efficiency of the service is at the Council's discretion to compensate officers for the loss of position and future expectations as a result of the Council's actions. It is not in respect of past service, which is covered by pension entitlement arising from contributions made into the Pension Fund.
- 3.4. The costs of the early payment of benefits are charged to departmental budgets rather than the Pension Fund.

4. REDUNDANCY

- 4.1. Employees who are made redundant will receive a redundancy payment based on length of continuous service and age as laid down in the Employment Rights Act. The details of the statutory redundancy payments vary with age and length of service and a ready reckoner is set out in Appendix 1.
- 4.2. Continuous local government service (and certain related service) will be used where this exceeds service with the London Borough of Croydon and in calculating the redundancy payment the weekly pay used for calculating redundancy payments will be as follows:
- a) In cases of compulsory redundancy, by reducing by 50% the amount by which an employee's actual weekly pay exceeds the statutory cap e.g. with the statutory cap at £400 and an employee's actual weekly pay at £500, redundancy pay would be calculated on a revised weekly pay of £450.
 - b) In cases of voluntary redundancy, by reducing by 25% the amount by which an employee's weekly pay exceeds the statutory cap e.g. with the statutory cap at £400 and an employee's actual weekly pay at £500, redundancy pay would be calculated on a revised weekly pay of £475.

5. EARLY RETIREMENT IN THE INTERESTS OF THE EFFICIENCY OF THE SERVICE

- 5.1. The Council will consider applications from staff, supported by their Directors, for early retirement on the grounds of the efficiency of the service. Each case will be decided on its merits by the Corporate Director Resources (Section 151 Officer) in consultation with the Director of Human Resources and the relevant departmental Director. They will use their discretion based on the following criteria:
- (a) staff suffering ill-health of a nature not covered by the ill-health provisions of the Pension scheme
 - (b) a change in the organisation of an establishment or department which does not give rise to redundancy
 - (c) staff who are unable to meet the changed requirements of their post
- 5.2. Employees aged 55 or over, who retire on the grounds of efficiency of the service are eligible for immediate payment of pension benefits if they have 2 or more

years membership in the LGPS (or have less than 2 years membership, but have had a transfer of pension rights into the LGPS from another source).

5.3. In these cases there is no entitlement to a redundancy payment.

6. COMPLYING WITH LEGISLATION

6.1 The Council will only apply the above policy in a manner which is compatible with the law (inc. legislation, subordinate legislation and case law) and anything in this policy which is incompatible with the law shall be disregarded or applied only to the extent that doing so would not be contrary to the law as it is understood when the policy is applied in any particular case.

End

“Ready Reckoner” For Statutory Redundancy Pay**Appendix 1**

Figures in grid show the number of weeks pay due

Continuous Service (Years)																			
Age	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
18 ¹	1																		
19	1	1½																	
20	1	1½	2																
21	1	1½	2	2½															
22	1	1½	2	2½	3														
23	1½	2	2½	3	3½	4													
24	2	2½	3	3½	4	4½	5												
25	2	3	3½	4	4½	5	5½	6											
26	2	3	4	4½	5	5½	6	6½	7										
27	2	3	4	5	5½	6	6½	7	7½	8									
28	2	3	4	5	6	6½	7	7½	8	8½	9								
29	2	3	4	5	6	7	7½	8	8½	9	9½	10							
30	2	3	4	5	6	7	8	8½	9	9½	10	10½	11						
31	2	3	4	5	6	7	8	9	9½	10	10½	11	11½	12					
32	2	3	4	5	6	7	8	9	10	10½	11	11½	12	12½	13				
33	2	3	4	5	6	7	8	9	10	11	11½	12	12½	13	13½	14			
34	2	3	4	5	6	7	8	9	10	11	12	12½	13	13½	14	14½	15		
35	2	3	4	5	6	7	8	9	10	11	12	13	13½	14	14½	15	15½	16	
36	2	3	4	5	6	7	8	9	10	11	12	13	14	14½	15	15½	16	16½	17
37	2	3	4	5	6	7	8	9	10	11	12	13	14	15	15½	16	16½	17	17½
38	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	16½	17	17½	18
39	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	17½	18	18½
40	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	18½	19
41	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	19½

¹ It is possible that an individual could start to build up continuous service before age 16, but this is likely to be rare, and therefore the table starts from age 18.

Continuous Service (Years)																			
Age	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
42	2½	3½	4½	5½	6½	7½	8½	9½	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½
43	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
44	3	4½	5½	6½	7½	8½	9½	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	21½
45	3	4½	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
46	3	4½	6	7½	8½	9½	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	21½	22½
47	3	4½	6	7½	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
48	3	4½	6	7½	9	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	21½	22½	23½
49	3	4½	6	7½	9	10½	12	13	14	15	16	17	18	19	20	21	22	23	24
50	3	4½	6	7½	9	10½	12	13½	14½	15½	16½	17½	18½	19½	20½	21½	22½	23½	24½
51	3	4½	6	7½	9	10½	12	13½	15	16	17	18	19	20	21	22	23	24	25
52	3	4½	6	7½	9	10½	12	13½	15	16½	17½	18½	19½	20½	21½	22½	23½	24½	25½
53	3	4½	6	7½	9	10½	12	13½	15	16½	18	19	20	21	22	23	24	25	26
54	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	20½	21½	22½	23½	24½	25½	26½
55	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22	23	24	25	26	27
56	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	23½	24½	25½	26½	27½
57	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25	26	27	28
58	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	26½	27½	28½
59	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28	29
60	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	29½
61*	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	30

* The same figures should be used when calculating the redundancy payment for a person aged 61 and above.

Notes:

Statutory redundancy payments are based on length of continuous service (up to max of 20 yrs) and age as follows:

- for each completed year of service up to age 21 inclusive: half a week's pay
- for each completed year of service from age 22-40 inclusive: one week's pay.
- for each completed year of service from age 41 inclusive: one and a half week's pay.

REPORT TO:	Cabinet 1st March 2021 Council 8th March 2021
SUBJECT:	Croydon's General Fund & HRA Budget 2021/22 to 2023/24
LEAD OFFICER:	Katherine Kerswell, Interim Chief Executive Officer Chris Buss, Interim Director of Finance , Investment and Risk
CABINET MEMBER:	Leader Hamida Ali – Leader of Croydon Council Councillor Stuart King – Cabinet Member for Croydon Renewal Councillor Callton Young – Cabinet Member for Resources and Financial Governance Councillor Jane Avis – Cabinet Member for Homes and Gateway services
WARDS:	All
CORPORATE PRIORITY/POLICY CONTEXT:	
The Council's budget underpins the resource allocation for all corporate priorities and policies and in particular, the corporate priority for the delivery of value for money for the residents of the borough of Croydon. This report sets out the detailed proposals for the financial year 2021/22 to 2023/24.	
FINANCIAL SUMMARY:	
The report details the revenue and capital budgets for the General Fund for financial Years 2021/22 to 2023/24, the Council Tax position for 2021/22, the revenue and capital budgets for the Housing Revenue Account (HRA) Budget and position on the Housing Rents increases for 2021/22. This report only seeks approval of the Budget for 21/22 but Cabinet and Council are asked to note the Medium Term Financial Plan	
FORWARD PLAN KEY DECISION REFERENCE	
The recommendations in section 1.0 are not executive decisions and therefore not key decisions – the final decisions are to be recommended to the Full Council for consideration at the meeting scheduled for 1st March 2021. The recommendations in section 1.0 are key executive decisions (reference no.0921CAB). The decisions may be implemented from 1300 hours on the 5 th working day after it is made, unless the decision is referred to the Scrutiny & Overview Committee by the requisite number of Councillors.	

1.0 RECOMMENDATIONS

The Leader of the Council has delegated authority to the Cabinet to make the following decisions:

- 1.0 That Cabinet be recommended to approve the following recommendations to Full Council for consideration at its meeting on 8th March 2021:

The Revenue Budget for 2021/22 and notes the 3 Year Medium Term Financial Plan as detailed within Section 11 which is based upon the:

- 1.1. Council's request for a Capitalisation Direction of £150m covering financial years 2020/21 to 2023/24.
- 1.2. 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).
- 1.3. A 3.00% increase in the Adult Social Care precept (a charge Central Government has assumed all councils' will levy in its spending power calculations).
- 1.4. To note the draft GLA increase of 9.5% on the Council Tax precept for 2021/22.
- 1.5. With reference to the principles for 2021/22 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 3.8 of this report.
- 1.6. The calculation of budget requirement and council tax as set out in Appendix C and D including the GLA increase this will result in a total increase of 5.83% in the overall council tax bill for Croydon.
- 1.7. The revenue budget assumptions as detailed in this report and the associated appendices
- 1.8. The programme of revenue savings, income and growth by department for Financial Years 2021/22 to 2023/24 (Appendix A).
- 1.9. The Capital Programme as set out in Section 18, table 17 and 18 of this report, except where noted for specific programmes are subject to separate Cabinet reports.
- 1.10. To agree that in light of the impact on the Council's revenue budget no Capital contractual commitment should be entered into until a review of revenue affordability has been concluded.
- 1.11. To approve that any receipts that come from the Council's Housing company Brick by Brick will first be applied to the accrued interest and any subsequent receipts will be used to pay down the principle loan balance.
- 1.12. To note there are no proposed amendments to the Council's existing Council Tax Support Scheme for the financial year 2021/22.
- 1.13. The adoption of the Pay Policy statement at Appendix G

That Cabinet agree:

- 1.14. The Housing Revenue Account's 2021/22 Budget as detailed within section 19
- 1.15. A rent increase for all Council tenants for 2020/21, in line with the Government's social rent policy which has legislated to increase social rents by CPI + 1%, which is equal to 1.5%
- 1.16. 2% increase to the service charges for caretaking, grounds maintenance and bulk refuse collection as detailed in section 12.

That Cabinet note:

- 1.17. That in respect of the Council's public sector equalities duties where the setting of the capital, revenue and HRA budget result in new policies or policy change the relevant service department will carry out an equality impact assessment to secure delivery of that duty including such consultation as may be required.
- 1.18. The progress being made towards balancing the Council's financial position for 2020/21 as at Quarter 3 and the current projected outturn forecast of £64.7m as set out in the Budget Monitoring report as part of this Cabinet in Agenda Item 5b and also attached in Appendix H.
- 1.19. The response to the provisional local government settlement which is attached at Appendix E.
- 1.20. That pre-decision scrutiny of the proposed budget 2020/21 took place at the Scrutiny and Overview Committee on the 10th February 2020. The Scrutiny and Overview Committee agreed to recommend that the Cabinet Member for Finance and Resources be invited to attend a meeting of the Committee and provide an update on the bedding in of the Council's new financial monitoring systems in September 2020.
- 1.21. The statement on reserves and balances and robustness of estimates from the statutory Section 151 Officer.

2.0 Executive Summary

- 2.1 This report sets out the Council's 2021/22 Budget and the indicative position for following 2 years. This budget has been set on the backdrop of one of the most difficult years financially for the Council and Local Government as a whole. This report expands on challenges faced by the Council in setting a balanced budget for the financial year 2021/22, and gives an update on the key issues from the Spending Review presented by the Chancellor of the Exchequer on 25th November 2020.
- 2.2 This report also provides further details on challenges faced by Croydon Council in terms of its continued financial pressures and resources available to deliver the key services for the authority.
- 2.3 The report also provides details on the current financial and economic environment in which the Council is operating, impacted significantly by

Covid, and together with the local policy context set out an approach to identifying savings.

- 2.4 The Council started the year with significantly low reserve levels and began the financial year with the nation forced into lockdown due to the Covid-19 pandemic. With rising costs and increased demand for services, the Council's finances had become increasingly precarious in recent years. However, Covid-19 and its impact on Council's budgets, in particular the ability to introduce planned savings meant the Council was unable to, cover its costs from reserves and was therefore forced to issue a Section 114 (S114) notice under the Local Government Finance Act 1988.
- 2.5 During the Covid-19 pandemic the Council has experienced significant financial pressures across all its services. From increased support and care to the most vulnerable in the community and provision of additional services to significant risks to income sources such as parking income. This has meant that the Council has faced a two sided impact from increased costs and reduced income.
- 2.6 The demand for children and adult social care has always been large within Croydon and with the additional need to safeguard these groups in our community has resulted in further resource pressures, this is not a specific Croydon issue. With growing numbers of both young and older residents, and other demographic changes, Croydon is affected by these national issues more than most.
- 2.7 As a Council facing financial challenges Croydon is certainly not alone, but many of the issues impacting its finances are unique to the borough.
- 2.8 Croydon is one of the capital's largest boroughs by population and, although situated in outer London, it has over time inherited a raft of traditionally Inner London issues that impact its budget but this has not been reflected in changes to Central Government financial support. Which have not been significantly revised to reflect changes in need.

3.0 Covid-19 Pandemic

- 3.1 Covid -19 has had a profound impact on the Council's finances. Financial pressures have arisen as a result of additional costs, lost income and unachieved delivery of savings. The pandemic has required the Council to divert resources to deliver some of the most urgent services to the most vulnerable in the Community and this has resulted in less staff time being dedicated to some of the key efficiency deliveries that had been required.
- 3.2 The Council has faced significant pressures within its Adult Social Care and Children Social Care departments as the services needed to ensure older people and vulnerable children are effectively safeguarded. The Council has lost significant income in various key services such as parking income, planning and through various fees and charges due to reduced activities and demand during the past 11 months.

3.3 Whilst MHCLG has provided further grant funding in order to tackle the extra costs and loss of income, the funding provided has not been sufficient to cover all Covid-related pressures the Council has faced. As a direct consequence of Covid, as at the end of January the Council has faced additional expenditure pressures of £39.76m, lost income of £28.7m and unachieved savings of £10.87m, however until end of December had only received £32.9m in funding from Government. This creates a £46.34m pressure directly attributed towards Covid.

3.4 The Council has administered significant number of other initiatives introduced by the Government to support the community during the pandemic. Table below details additional work the Council took on during the pandemic and also details the grants the Council received to support those initiatives.

Table 1: Covid Grants

Service Specific Covid Grants	£m
Infection control fund for adult social care (tranche 1)	8.075
Test and Trace	1.998
Welfare support grant	0.447
Next Steps Accommodation Programme	0.635
Test and trace support grants	0.338
LA compliance & Enforcement grant	0.218
Clinically Extremely Vulnerable Support Grant	0.195
Covid Winter Grant	1.199
Cold Weather Payment (housing)	0.050
Contain Outbreak Management Fund	3.094
Estimated S.31 grants paid in advance	7.017
Business Grants Fund	49.525
Cashflow measures	14.474
C-19 Business Rates reliefs	56.831
Discretionary Business Grants Fund	3.029
Reopening High Streets Safely	0.342
Additional Restrictions Grant.	7.734
Local Restrictions Support Grant (Closed) addendum	5.846
Cold Weather Payment (housing)	0.050
Hardship Fund	4.388
Total	165.485

3.5 The Covid pandemic has created significant uncertainty on Local Authority Finances going forward as it casts doubt in regards to future activity and public behaviour in terms of demand for services and in particular income from the use of facilities. Whilst it's difficult to predict what that change will be this will need to be closely monitored by the Council across a range of services to ensure risks are flagged early on and to find mitigations where possible.

4.0 Financial Performance Quarter 3 2020/21

4.1 As at month 9/Quarter 3 the general fund revenue outturn forecast stood at £64.7m overspend, which was after the inclusion of both anticipated

4.2 To note that there are a number of risks totalling £31.8m that could materialise which would see the variance increase further. These are within services due to the current pandemic, potential impact from finalisation of the 2019/20 accounts and in relation to groups structures particularly around interest income from Brick by Brick. Should all of these risks crystalize the total forecast overspend would increase to £96.5m by the year end.

4.3 The Council has requested a capitalisation directive to cover the deficit for the current year, this is part of an overall request for £150 million, at the time of publication no decision has been made on this request.

5.0 S114 Notice

5.1 In November 2020 with a substantial increase in the projected outturn for 20/21 and lack of progress on cost reductions and efficiencies the S151 Officer issued a Section 114 notice, as it was clear that the council could not meet its forecast expenditure for 2021/22 within its available revenue resources including reserves.

5.2 Councils are required by law both to set a balanced budget, but to also ensure that expenditure can be funded from revenue resources. If a council can't find a way to finance their expenditure a section 114 must be issued, as effectively expenditure becomes unlawful.

5.3 The notice has had the effect of the council stopping all non-essential spending – and cannot enter into new agreements which will incur a cost. A Spend Control Panel was set up to oversee expenditure taking place within the council.

5.4 The Council continued to ensure that essential services were maintained particularly to those community members who were vulnerable and that included the ongoing response to the Covid-19 pandemic. The following criteria was applied when allowing spend to take place:

- existing staff and payroll costs,
- expenditure on goods and services which have already been received
- expenditure required to deliver the council's statutory services at a minimum possible level
- urgent expenditure to safeguard vulnerable residents
- contractually committed expenditure
- expenditure through ring fenced grants
- expenditure that will improve the council's financial situation – that is necessary to reduce overall costs.

5.5 Within 21 days of issuing a S114 notice the council is required to decide whether it agrees with the views in the report and what action if any it proposes to take. If the expenditure cannot be met from revenue resources it must then issue another notice. On 2nd December a second S114 notice was issued and the Council has continued to remain in a S114 since.

6.0 RIPI

- 6.1 On 23rd October 2020, before the issuance of the S114 notice, the Council's External Auditors, Grant Thornton, issued a Report in Public Interest. The report detailed concerning the Council's financial position and related governance arrangements.
- 6.2 The Report was published as the external auditor were of the opinion that the Council:
- i. Had experienced deteriorating financial resilience for a number of years
 - ii. Had significant issues relating to its financial sustainability
 - iii. Had not responded promptly to previous audit recommendations and concerns
 - iv. And that this needed to be brought formally to the public's attention
- 6.3 The council has taken these serious recommendations onboard and is proactively looking at addressing the auditor's concerns. In fact this MTFS and the 21/22 Budget transparently deals with all known pressures the council has faced and had ensured these are provided for within the overall growth requests.

7.0 Renewal Plan

- 7.1 With the move to a S114 being enacted and further scrutiny being provided by our Auditors through the Report in Public Interest, it is evident that the council will need to embark on a significant financial improvement initiative.
- 7.2 In addition to the S114 and the RIPI, the council has had significant scrutiny and oversight various other stakeholders and groups. This has included from the internally set Financial Review Panel to the Rapid Review that was conducted by MHCLG. There are currently around 400 recommendations and actions already developed from different plans and there will be further output for incorporation into existing plans. Some of the recommendations and actions are likely to be cross-cutting, many may duplicate each other and the council will need to use best practice frameworks and recognised programme management methodology to track progress and reporting.
- 7.3 The renewal plan is a big change programme for the council, which sets out how we will respond to the financial challenges and wider improvement asks – whilst making sure that priority services are delivered effectively, sustainably and within our financial means.
- 7.4 The Renewal Plan is made up of the **Financial Recovery Plan** which will set out how we'll deliver a sustainable budget in the medium term and a **Corporate Improvement Plan** to deliver the required changes. Different strands of work within the renewal plan will include:
- New priorities and ways of working

- Improvements to governance and leadership practice
- Improvements to management practice
- Service improvements to manage demand and cost
- A new system of internal control – finance, performance and risk
- A new approach to involving residents and partners
- A new engagement and involvement programme with staff to create a working environment that values all our staff
- A new approach to ensuring respect for all and equity of opportunity for our staff
- A review of the member and officer code of conduct to fully embed the Nolan Principles in all work.

7.5 The Renewal plan was presented to Cabinet in 25th November 2020 and was endorsed by Cabinet colleagues. It was then presented to Council on 30th November. Work is currently underway to ensure our objectives within the Renewal plans are being implemented and that the Council begins to deliver a financially sustainable MTFs by 2023/24.

7.6 One of the fundamental reviews the Council is in relation to its Housing Company, Brick by Brick. The Cabinet at its meeting on 25th November 2020, received a report on a strategic review by PwC of the Council's group of companies and other entities. As a result of that review a number of specific recommendations were made concerning Brick by Brick.

These were to:

- i) Authorise the initial further work required on the options identified by PwC regarding the Council's interest in BBB in order to best inform further consideration and decision at the January Cabinet meeting.
- ii) Agree that funding of BBB shall continue in line with current loan arrangements and conditions subject to that further decision, provided that all funding for construction, and completed unit purchases be reviewed on a site by site basis.
- iii) Agree that all site transfers to BBB, be halted until the Council has completed the options appraisal and taken a final decision on the options.

7.7 The Council has also received and agreed a number of recommendations regarding Brick by Brick in the Report in the Public Interest report by Grant Thornton. In particular that report contained four specific recommendations regarding the Council's future relationship with Brick by Brick. These were:

- i) The Cabinet and Council should reconsider the financial business case for continuing to invest in Brick by Brick before agreeing any further borrowing.
- ii) The Cabinet and Council should review and reconsider the ongoing financial rationale for the Council in the

- iii) The s151 officer and monitoring officer should monitor compliance with loan covenants with Brick by Brick and report any breaches to Members.
- iv) The Cabinet and Council should review its arrangements to govern its interest in subsidiaries, how the subsidiaries are linked, and the long-term impact of the subsidiaries on the Council's financial position and how the Council's and taxpayers interest is safeguarded.

7.8 Since the Cabinet meeting on 25th November the Council has carried out a second stage review of the options available to the Council to reduce the financial exposure with Brick by Brick. A report was presented to Cabinet on 18th February 2021 which detailed the next steps.

7.9 From a financial perspective the 18th February report considered various proposals in regards to future operations of Brick by Brick. The recommended course of action involves allowing Brick by Brick to continue building out schemes at an advanced stage, reviewing sites no longer proposed for development, disposing of sites at intermediate stage or sell the shares of the Company.

7.10 At the point of writing this report the actions of the second stage review were at the early stages of being worked through. At the Cabinet meeting it was recommended that, with any option, there will be further costs/resourcing (in particular the sale of the business option, in order to ensure the proper advice is obtained regarding valuation, legal and financial implications) and some write off of the Council's investment (as further explained in the restricted report) is likely. These risks are factored within the 21/22 Budget.

8.0 Local Government Finance Settlement 2021/22 - Nationally

8.1 The 2021/22 local government finance settlement is for one year only and is based on the Spending Review 2020 (SR20) funding levels. Within Spending Round 2020, information regarding 2021/22 funding allocations was provided. The provisional settlement confirms these previous announcements; the main points of which are set out below:

8.2 Most of the proposals set out in Spending Review 2020 have been confirmed.

Core Spending Power (CSP) will increase by £2.2 billion (4.5 per cent) nationally and £311 million (4.3 per cent) across London boroughs. Settlement Funding Assessment will increase by £13 million (0.1 per cent) and £3 million for London boroughs.

- The main tax referendum principle remains at 2 per cent.
- The flexibility to raise the Social Care Precept will be increased to 3 per cent for relevant authorities.

- The Improved Better Care Fund will remain at 2020/21 levels (the England total will be nearly £2.1 billion, of which London boroughs will receive £336 million).
- The Social Care Grant will increase by £300 million to £1.71 billion (as set out in SR20) London boroughs will receive £223 million of this (an increase of 24 per cent).
- Funding for New Home Bonus will decrease by over £285 million (31% per cent) nationally from £907 million to £622 million. London boroughs will receive £185 million of this, a decrease of £60 million (32 per cent).
- Business Rates Multiplier Compensation will increase by 30 per cent from £500 million to £650 million nationally. London boroughs will receive £115 million in 2021/22.
- There is a new Lower Tier Services Grant of £111 million within CSP (£24 million for London boroughs).
- Allocations have not yet been published for the Public Health Grant, Flexible Homelessness Support Grant, Homelessness Reduction Grant, Rough Sleeping Initiative Fund and the Independent Living Fund.
- £125 million was announced to implement the Domestic Abuse Bill (although allocations are TBC)
- A consultative paper has been published setting out further details on Covid-19 funding, including the £1.55 billion of further general funding in 2021/22 (£274 million to London boroughs), and seeking views on how the £670 million of CT Support funding, 75 per cent tax compensation scheme and continued SF&C compensation scheme will be calculated.

Core Spending Power - Overall

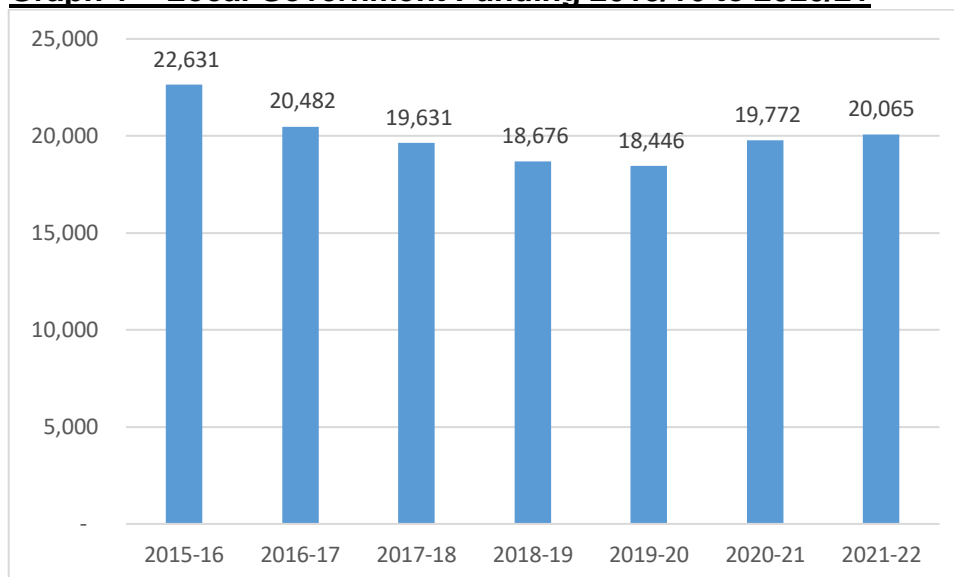
- 8.3 The National Core Spending Power figures for the period 2016/17 to 2021/22 are shown in Table 2 below. As previously announced at Spending Review 2020, it shows an increase
- 8.4 The National Core Spending Power figures for the period 2016/17 to 2021/22 are shown in Table 2 below. It shows an in year increase of 4.21% for 2021/22 and an overall of 4.5% for 2021/22 and an overall change for the period 2015/16 to 2021/22 of 14.7m.

Table 2: Core Spending Power figures for England 2015/16 to 2020/21

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
	£m	£m	£m	£m	£m	£m
Settlement Funding Assessment	18,602	16,633	15,574	14,560	14,797	14,810
Under-indexing the BR multiplier	165	175	275	400	500	650
Council Tax	23,247	24,666	26,332	27,768	29,370	31,145
Improved Better Care Fund	-	1,115	1,499	1,837	2,077	2,077
New Homes Bonus	1,462	1,227	947	918	907	622
New Homes Bonus returned funding	23	25	-	-	-	-
Rural Services Delivery Grant	81	65	81	81	81	85
Transition Grant	150	150	-	-	-	-
Adult Social Care Support Grant	-	241	150	-	-	-
Winter Pressures Grant	-	-	240	240	-	-
Social Care Support Grant	-	-	-	410	1,410	1,710
Lower Tier Services Grants						111
Core Spending Power	43,730	44,296	45,098	46,213	49,142	51,210
Change %	-2.10%	1.29%	1.81%	2.47%	6.34%	4.21%
Cumulative Change %	-2.10%	-0.83%	0.96%	3.46%	10.02%	14.65%
Real Terms Change %	-4.00%	-2.50%	-1.40%	0.10%	3.10%	3.10%
Cumulative Real Terms Change %	-4.00%	-6.40%	-7.80%	-7.70%	-4.80%	-4.80%

Core Spending Power: Excluding Council Tax

8.5 Graph 1 below shows the level of central government funding to local government between 2015/16 and 2020/21 excluding Council Tax. It shows a reduction of £2.8bn from £22.6bn to £19.8bn, a reduction of 13%.

Graph 1 – Local Government Funding 2015/16 to 2020/21

9.0 Local Government Finance Settlement 2021/22 Croydon

9.1 The published Core Spending Power (CSP) figures for Croydon are shown in the table below. Croydon's CSP for 2021/22 is £319.4m, an increase of £10.7m on the 2020/21 amount. However, it should be remembered that the CSP figures for the Settlement Funding Assessment and Council Tax are Ministry of Housing Communities and Local Government (MHCLG) forecast amounts only; with actual resources determined by the amount of business rates and council tax collected locally.

Table 3 Croydon's Funding Allocations 2016/17 to 2020/21

	2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m	2020-21 £m	2021-22 £m
Settlement Funding Assessment	114.6	101.7	94.5	86.8	88.2	88.2
Under-indexing the business rates multiplier	1	1	1.6	2.4	3	3.9
Council Tax	143.5	155.1	167.4	180	193.1	208.49
Improved Better Care Fund	-	5.5	7.1	8.3	9.7	9.7
New Homes Bonus	11.8	8.5	6.3	6.7	7.3	5.2
New Homes Bonus returned funding	0.2	0.2	-	-	-	-
Transition Grant	0.4	0.4	-	-	-	-
The Adult Social Care Support Grant	-	1.4	0.9	-	-	-
Winter pressures Grant	-	-	1.4	1.4	-	-
Social Care Support Grant	-	-	-	2.4	7.4	7.8
Core Spending Power	271.5	273.8	279.2	288	308.7	323.9
Population	386,700	390,100	393,600	397,000	400,200	400,200
Core Spending Power Per Head	702	702	709	725	771	809

- 9.2 Table 3 shows an increase in funding for Croydon over 2016/17 to 2021/22 of £51.8m in cash terms or 15.2%. However, it is important to note that this includes forecast increased council tax revenues over the period of £64.9m. Excluding Council Tax revenues sees a cash reduction in funding over the period of £12.5m. Further details of each funding stream included within Croydon's Core Spending Power and the extent to which the MHCLG's figures are relevant to Croydon is discussed below.

New Homes Bonus

- 9.3 Croydon's New Homes Bonus (NHB) allocation for 2021/22 is £5.2m, as shown in table 4 below. This is comprised of £3.6m legacy payments from previous years and an in-year payment of £1.6m.

Table 4 Croydon's NHB Forecast Funding Allocations 2019/20 to 2022/23

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23* £m
2016/17 allocation	2.1	0	0	0
2017/18 allocation	1	1	0	0
2018/19 allocation	1.8	1.8	1.8	0
2019/20 allocation	1.8	1.8	1.8	0
2020/21 allocation	0	2.7	1.6	1.6
No future years' allocations forecast	0	0	0	0
Equals NHB Funding (£m)	6.7	7.3	5.2	1.6

*projected

Social Care Grants

- 9.4 The Social Care Support Grant will increase by £300 million to £1.71 billion (as set out in SR20) London boroughs will receive £223 million of this (an increase of 24 per cent). For Croydon this is an increase in funding of £0.4m, from £7.4m in 2020/21 to £7.8m in 2021/22.

Homelessness Funding/Homelessness Prevention Grant

- 9.5 The £310m Homelessness Prevention Grant combines and uplifts what was previously the Flexible Homelessness Support Grant and Homelessness Reduction Grant. For 2021-22 both grants have been combined and uplifted by £47m. In 2021/22 Croydon will receive £7.4m an increase of £2.2m over 2020/21

Public Health Grant

- 9.6 From 1 April 2013 the responsibility for the management of Public Health (PH) services in the borough transferred to the Council from the NHS. This brought about a range of new responsibilities including providing PH advice to Croydon CCG, tackling smoking, alcohol misuse and obesity, sexual health services, health inequalities and substance misuse including in-patient care. Additional funding was received in 2016/17 for the transfer to the Council of new responsibilities from NHS England for Health Improvements 0-5 years which took place on 1st October 2015.

- 9.7 The ring-fenced grant is used to commission a range of mandated service from external and internal provider's e.g. Health visiting, Substance misuse services, sexual health services etc. as well as providing resources for services within Croydon council that improve the health and wellbeing of the people in Croydon.
- 9.8 A review of the services that are commissioned as well as a detailed review of the resources that are provided for services within the Council was carried out during 2019/20 to ensure that the funding is utilised in the most effective manner and delivers on public health outcomes.
- 9.9 Funding for 2021/22 remains unconfirmed at the time of writing this report. Flat funding should be expected until allocations confirmed by Public Health England in Feb 21/22. In 2020/21 Public Health Grant was £21.8m.
- 9.10 Croydon's response to the Provisional Local Finance Settlement for 2021/22 is included as Appendix E to this report.

Local Taxation & GLA Taxation

- 9.11 The Council has a duty under the Local Government Finance Act 2003 to set a balanced budget before 11th March 2021. This report supports the enablement of that duty to be fulfilled, subject to agreement of the recommendations in this report by Full Council on the 8th March 2021.
- 9.12 It is recommended that there is a 1.99% increase in council tax for the Croydon element of the charge and a 3.00% increase based on the Adult Social Care Precept as set by the Chancellor. The GLA are proposing a 9.5% increase in their element of the charge and that is due to be agreed by the GLA on the 24th February 2021. The overall headline increase is 5.83%. The effect of this increase on Band D is set out in table 5 below.

Table 5 – Local Taxation & GLA Taxation increase (Band D comparison)

Band D	2021/22	Increase	Annual Increase	Weekly Increase
	£	%	£	£
Croydon	1,354.02	1.99%	28.9	0.56
Adult Social Care Precept	170.47	3.00%	43.56	0.84
Greater London Authority	363.66	9.50%	31.59	0.61
Total	1,888.15	5.83%	104.05	2.00

10 Wider Local Government Funding Issues

- 10.1 A summary of wider local government funding issues is set out below.
- 10.2 The Council was part of the 2018/19, 2019/20 and 2020/21 London Business Rates Pool. 2020/21 will be the final year of the pool as councils

in London have decided to discontinue the pool due to the volatility in business rates following the pandemic and possible reduction in business rates income. Therefore, Councils will return to the usual business rates shares for 2021/22 which will be 30% for Croydon, 37% for the GLA and 33% for Central Government.

- 10.3 **Levy/Safety Account** - As would perhaps be expected, given the level of uncertainty regarding 2020/21 business rates income, there was no announcement regarding the allocation of potential funds from the BRR levy/safety net account.
- 10.4 **Local Government Funding Reforms** - There were no additional papers published or mentioned relating to the local government funding reforms that are planned for introduction from April 2021 (i.e. Fair Funding, 75% Business Rates Retention, the full reset of the business rates baselines or the potential Alternative Business Rates Retention System).
- 10.5 **COVID-19 Support** - Further details have been published regarding the support for local authorities in 2021/22 for COVID-19. These are in the form of a policy paper that can be found by clicking [here](#). This funding is not included in the Core Spending Power figures. The paper covers the following areas.
- 10.6 **£1.55bn Grant Funding** - Details of the additional £1.55bn of COVID funding for 2021/22 is available [here](#). This will represent un-ringfenced grant support and uses the COVID-RNF developed in July 2020 and applied to the third tranche of funding announced in July (and retrospectively all four tranches in October 2020). MHCLG has indicated that they are aiming to make payments to local authorities in April 2021.
- 10.7 **£0.67bn local council tax support grant** - The government has indicated that it is providing this to broadly meet the additional costs associated with increases in local council tax support caseloads in 2021/22. The funding will be un-ringfenced and can be used to provide other support to vulnerable households, including through local welfare schemes.
- 10.8 MHCLG are proposing to distribute the £670m of grant funding based on working-age Local Council Tax Support caseloads in each billing authority's area, using data from quarter 1 and quarter 2 of 2020/21. They are also proposing to adjust this distribution, based on the ratio of the average bill per dwelling in the billing authority's area in 2020/21, compared to the average bill per dwelling in England in 2020/21. Using this distribution methodology, MHCLG hope to be in a position to make up-front lump sum section 31 payments directly to billing and major precepting authorities in April 2021. The funding allocations have not been published today, but MHCLG indicate that details of the provisional funding allocations will be published in due course.
- 10.9 Local tax income guarantee for 2020/21 (i.e. business rates and council tax deficits) - The government has also announced, as part of a consultative policy paper, the details of its proposed scheme for compensating for irrecoverable local taxation losses.
- 10.10 Sale, Fees and Charges Support MHCLG - are seeking views to continue

the current support for the first quarter of 2021/22 and continue to use 2020/21 budgeted income as the baseline to assess losses.

- 10.11 Other - MHCLG are proposing to continue (a more streamlined) COVID-19 financial impact survey and are also seeking views on priority areas for data collection going forward

11 Medium Term Financial Strategy (MTFS)

- 11.1 The Council last updated its Medium Term Financial Strategy [MTFS] and presented those plans to Council in October 2018. Best practice, set out in the CIPFA Financial Management Code, requires a three year MTFS to be prepared each year alongside the annual budget setting process to recognise future budget pressures and to allow planning for meeting identified pressures to be made in sufficient time to meet those challenges. This budget report meets those requirements by consideration of a three year position rather than just the following single year.

- 11.2 Work in refreshing the three year MTFS planning horizon from that previously agreed in October 2018 began at the start of summer 2020. Improvements to the process have included:

- a) planning for three years instead of a single year;
- b) the development of revenue proposal forms which include consideration not just the financial impact, but risks, impact on stakeholders and key milestones required for delivery, and budget holder sign-off;
- c) budget challenge sessions in both officer only and officer/member sessions;
- d) comparison of spending requirements and income generating budgets to benchmarking data across similar authorities;
- e) external review of significant budgets and change proposals by external bodies including the LGA, CIPFA and PWC; and
- f) the implementation of a monitoring process and system to continuously track the progress of savings proposals delivery across the Council, to be regularly reported to and reviewed by Corporate Leadership Team and members.

- 11.3 The outcome of the budget setting and MTFS processes undertaken over the last nine months has, subject to confirmation of the requested capitalisation direction support from MHCLG, delivered a balanced budget for 2021/22. Delivery of savings, the management of risk, and control of expenditure to live within proposed budgets set out throughout this report will be required to ensure that net overspends over next year's budget period are managed and mitigated.

- 11.4 The medium term (years 2022/23 and 2023/24) budget positions set out in this MTFS are predicated on central government support in relation to

Revenue Support Grant and Localised Business Rates remaining broadly unchanged except for inflationary increases and anticipated movements in taxbase. Deferred by ministers due to the covid-19 pandemic are proposals to review the operation of the local government funding regime and policy changes with regard to a Fair Funding Review, operation of the Localised Business Rates system; and a business property revaluation exercise are expected over the following years. The MTFS recognises these potential changes but assumes that whilst such individual funding streams may vary, the overall level of core funding will remain broadly neutral.

- 11.5 The Budget and MTFS position set out in this report provides a balanced budget position for 2021/22, but over the longer term sees further efficiencies that will need to be developed to balance future years (with or without further capitalisation direction requests) for which MHCLG have indicated they are unable to determine at this date as those years fall outside of the current Spending Review period. In order to provide sufficient time for such proposals to be developed and implemented, work will begin on refreshing the MTFS in the near future.

12.0 Corporate Assumptions - 2021/21 budget

Grants

- 12.1 As set out in section 2 of the draft settlement. There has been a number of changes in grant income that have to be taken into account in the 2021/22 budget.

Inflation

- 12.2 The budget for 2021/22 needs to take account of changes in the cost of living/inflation. A pay award of at least 2% for all staff has been assumed, although the unions have put in a substantially higher claim. Additionally a number of council contracts are subject to indexation each year. The MTFS has provided for £10.4m for contractual and pay inflation and this needs to be managed within the Council's overall budget. The overall increase in the budget for inflation for both the pay award and inflation will be held corporately and will then be allocated out to departments in year.
- 12.3 The council's capital programme assumes the taking out of new borrowing to fund projects that require debt. The assumption overall is that there will be borrowing of circa £60.4m in 2021/22 and an additional amount of £0.87m has been added to the revenue budget to fund the associated interest payments.

London Business Rates Pilot / Pool

- 12.4 Under the Localised Business Rates system, the council ordinarily retains 30% of the business rates collected from business premises within the borough and as such benefits from any growth above baseline funding levels. The Greater London Authority retaining 37% and the remaining 33% being returned to central government.
- 12.5 Pilot status was awarded to London boroughs, who collectively formed a business rates pool, in 2018/19 and 2019/20 which reduced the amount

of growth returned to MHCLG to 0% and then 25% in the two years respectively. This pilot status was withdrawn by central government for the current financial year and reduced the collective amount of benefit from business rate growth that was retained by London boroughs. That said, London boroughs continued to operate pooling arrangements in 2020/21 as, despite no benefit being derived from MHCLG receiving a smaller share, the pooling of Levy and Safety Net positions was forecast to deliver an overall benefit for London Boroughs.

- 12.6 The coronavirus pandemic has had a significant impact on the business environment across London and as a consequence total yield across the region is expected and forecast to reduce as a result of business failure and significant levels of appeals of rateable value due to material change in circumstances. The result of these changes has been to erode the potential benefit for London borough's to continue pooling and it has collectively been decided that a pool will not operate for the year 2021/22.
- 12.7 The 2020/21 budget for the Council assumed a pooling benefit of £0.5m, which is unlikely to now materialise as a result of the changes to the economic environment, but will be subject to final clarification pending completion of all London borough business rate accounts returns in May 2021. This reduction in previously estimated gains from pooling is reflected in both the current year forecast outturn position and built into MTFS assumptions.

Settlement Funding Assessment per head across London

- 12.8 Table 6 below shows the Settlement Funding Assessment per head for each London Borough (excluding the City of London) and shows Croydon ranked as 21st, receiving £237 per head in 2021/22, whereas neighbouring Lambeth will receive £447 per head. If Croydon were funded at the London average of £382 per head for 2021/22 it would receive an additional £56m.
- 12.9 Croydon has an average of £237 per head over the five year period; this compares to the London average of £382.

Table 6 – Settlement Funding Assessment per head

	(£'s)	(£'s)	(£'s)	(£'s)	(£'s)	(£'s)	(1-33)
	2017/18	2018/19	2019/20	2020/21	2021/22	Average	Rank
SFA (£ PER RESIDENT)							
City of London	2803.19	2707.54	2592.05	2615.05	2600.16	2663.60	1
Hackney	567.10	536.71	504.16	507.58	503.94	523.90	2
Southwark	523.22	493.58	462.34	465.95	463.12	481.64	3
Westminster	511.39	480.89	449.06	450.44	445.98	467.55	4
Islington	503.61	473.29	441.53	445.02	442.46	461.18	5
Tower Hamlets	497.65	464.45	430.64	429.71	423.30	449.15	6
Lambeth	483.89	457.53	429.06	434.19	433.14	447.56	7
Camden	482.60	448.27	413.31	414.34	409.95	433.69	8
Hammersmith And Fulham	470.61	442.40	412.25	415.59	413.22	430.81	9
Newham	455.88	431.84	406.39	409.86	407.84	422.36	10
Kensington And Chelsea	458.10	428.82	395.73	402.21	402.62	417.49	11
Lewisham	444.82	419.60	392.68	396.21	394.11	409.49	12
Haringey	425.52	401.98	376.18	381.46	381.12	393.25	13
Greenwich	417.07	392.27	366.25	368.46	365.53	381.92	14
Barking And Dagenham	389.83	369.19	347.05	350.81	349.67	361.31	15
Brent	378.43	356.01	332.13	335.69	334.53	347.35	16
Waltham Forest	357.71	335.72	312.27	315.65	314.59	327.19	17
Wandsworth	324.79	307.37	288.59	291.47	290.26	300.50	18
Ealing	312.92	293.84	272.88	277.72	278.40	287.15	19
Enfield	309.43	290.04	269.06	272.82	272.59	282.79	20
Croydon	263.98	244.57	223.78	226.72	226.27	237.07	21
Hounslow	250.42	232.06	212.50	215.25	214.89	225.02	22
Sutton	248.57	227.43	205.17	207.35	206.49	219.00	23
Redbridge	240.67	223.74	205.56	208.34	207.99	217.26	24
Merton	235.44	216.50	196.00	198.99	198.95	209.18	25
Hillingdon	208.68	190.56	171.73	173.51	172.78	183.45	26
Harrow	200.16	181.68	161.91	164.32	164.19	174.45	27
Barnet	199.57	180.21	160.07	161.32	160.19	172.27	28
Bexley	194.04	176.24	157.51	159.33	158.67	169.16	29
Havering	172.82	154.23	135.08	136.25	135.32	146.74	30
Kingston upon Thames	148.90	128.89	122.16	123.48	122.90	129.27	31
Bromley	141.30	124.24	113.14	114.34	113.74	121.35	32
Richmond upon Thames	124.60	109.73	111.71	112.99	112.52	114.31	33

13 Department Assumptions 2021/22 budget

13.1 Alongside the corporate assumptions that underpin the 2021/22 budget, work has been ongoing to ensure that departmental and service estimates are accurate. This is the key element of the budget where movement in resources between services can be identified. This reflects growth, savings and income. Appendix A sets out the detailed list of growth, savings and options across the four departments of the council. Table 7 below shows the movements within departments and at a corporate level from 2020/21 to 2021/22.

Table 7 – Cash Limit Movement

Department	Cash Limits 20/21	Growth	Savings	Other Movements	Capitalisation Direction	Cash Limits 21/22
	£M	£M	£M	£M		£M
Children, Families and Education	86.892	20.433	-9.433	-0.282	0.000	97.610
Health, Wellbeing and Adults	121.177	29.251	-17.494	0.000	0.000	132.934
Place	45.766	10.102	-12.759	-0.186	0.000	42.923
Resources	37.682	13.585	-4.982	0.468	0.000	46.753
Service Total	291.517	73.371	-44.668	0.000	0.000	320.220
Corporate Items	-291.517	26.879	-5.582	0.000	-50.000	-320.220

- 13.2 The projected department overspend in 2020/21 is £96.5m which includes all risks. The main areas of overspend are from demand led services, loss of income and unachievable savings as a result of the pandemic. Details of this can be found within the 20/21 Q3 Financial Performance Report which is a separate item on this Agenda.

14 Croydon Services

Children, Families and Education including UASC

- 14.1 Croydon's Children's Services were rated as good in February 2020, an outcome achieved through the successful implementation and deliver of the Children's Services Improvement Plan accompanied by significant additional resources allocated as part of the 2018/19 and 2019/20 Children's Social Care budgets in addition to one-off investment funding via the Council's Transformation Reserve.
- 14.2 2020/21 had been a year of consolidation of staffing requirements in the department, whilst the LA has reviewed the strategic action to be taken to ensure that there is sufficient accommodation for children and young people with who are looked after and for those leaving care, the budget allocation available for the current cohort of Croydon's looked after children (excluding UASC), care leavers and children with disabilities is insufficient to fund the accommodation required year on year. This pressure is reflected in the Quarter 3 financial monitoring reported to Cabinet.
- 14.3 In addition, the exceptional items reported to Cabinet in the Quarter 3 financial monitoring report relate to UASC, NRPF and Appeal Rights Exhausted (ARE). We are continuing to engage in positive dialogue with various government departments to mitigate this financial burden. As stated, the UASC pressure is as a result of the number of UASC remaining in Croydon, above the National Transfer Scheme rate of 0.07% of the borough's child population, together with the failure to recognise the gateway authority-specific costs and the sheer number of former UASC

who have remained as care leavers until they reach the age of 25 years old. Whilst our numbers of UASC are decreasing, direct and indirect service provision costs are not decreasing at the same rate.

- 14.4 The Home Office increased the rates of reimbursement from April 2020 to £240 per care leaver per week and £143 per child per night for those LAs supporting UASC at, or in excess of, 0.07% of their child population, as at 31 March 2020.
- 14.5 The total 2020/21 forecast cost of Asylum seeking children and care leavers for the Council is £5.3m and includes Children's Social Care costs, along with costs associated with education and health for these young people. Modelling indicates that if the number of children and young people in the council's care remains the same the numbers will reduce to 0.07% by 2031-32. Until that time Croydon is accommodating asylum seeking children and young people at an annual cost of between £5.4m - £6.7m. Support from the Department for Education and the Home Office is being sought to secure a solution that addresses the disproportionate financial burden on Croydon council now and in future years.

Health, Wellbeing and Adults

- 14.6 Adult social care continues to be under pressure nationally and locally. In Croydon, Adult Social Care has continued to see increases in demand for services above budget and there is a projected net overspend as at Q3 of £21.3m in 2020/21. Areas of significant overspend continues to be in 25-65 Disability Service and Older People and following agreed in year savings, overspends are £11.7m and £4.8m respectively. This is the result of inherent pressures within the budget, additional costs due to the Covid-19 pandemic, in addition to rising demand in Domiciliary Care, Nursing and Residential placements where there is an increase in placement costs and complex cases which are exacerbated by Covid-19. The service has had a strong partnership with health during the pandemic. Ensuring that people are moved efficiently from a hospital setting to the most appropriate follow on care setting in the community.
- 14.7 On the advice of the Local Government Association (LGA) finance lead, the council aims to set a revised budget to reflect current activity in Adult Social Care. In 2021/22, £28.9m growth has been allocated to match current demand and allow for in year demographic growth. The long term impact of Covid -19 is currently unknown nationally and may adversely impact social care expenditure in future years. To mitigate the increasing costs in Adult Social Care, the council is committed to reducing spend by changing the way social care is delivered and live within available resources. The council is working with social work practice and finance leads from the LGA and have accepted their view that Croydon's spending on younger and older adults is significantly higher than that of comparable boroughs. Therefore, by reducing spend in line with the average level of spending in London or England as appropriate, there is scope to make significant savings in the medium term, following the budget being set at the right level to match current activity. Savings and change programmes are being developed with key LGA guidance taken into consideration.

Housing Assessment and Needs

- 14.8 The number of households supported by the Emergency and Temporary Accommodation teams has continued to rise. It is expected that the short to medium term will see a further influx in numbers as the temporary hold on evictions due to Covid-19 is lifted. Ring-fenced funding from MHCLG is continuing in the form of the £7.2m Homelessness Prevention Grant, replacing two previously issued grants. This grant will be split between funding accommodation and prevention work to minimise numbers of residents entering the service. The council is also working on reviewing housing contracts, including supported housing, emergency accommodation and temporary accommodation. This is expected to lead to a new strategy for temporary accommodation, new routes to purchase private sector housing and new contracts for the provision of supported housing.

Place and Resources

- 14.9 The Place directorate continue to face challenging budgetary pressures for 2020-21 as a result of Covid-19. The service is showing a reduced level of income collection in the Parking division following government advice for travel to be reduced to a minimum for most of the year. The reduced level of transactions processed has impacted on the projected income from parking.

The new Private Landlord Selective Licensing Scheme which was supposed to be operative from October 2020 to mark the commencement of the five year scheme for private landlords is not going ahead in 2020-21. This is largely due to the delay in MHCLG approving the scheme to be fully operational this financial year (2020-21). The service is looking into strategies to mitigate overspends in year by aligning its workforce and resources to the delivery of its objectives. In 2021-22, the budget for Selective Licensing is amended to reflect a delay in the start of the scheme to October 2021.

Corporate Budget

- 14.10 The corporate budget consists of the council's central costs that are not distinguishable across any specific Directorate.
- 14.11 The Corporate Budget provides for various strategic income and expenditure items such as income from general Grants, Investment income, Levies, minimum revenue provision and financing costs. The total net Corporate Budget is £270.220m.

Savings and Growth

- 14.12 The full list of savings and income options included in the 2021/22 budget are set out in Appendix A.
- 14.13 The Council has set up a Steering Board that will oversee the delivery of these Savings over the course of 21/22. Each saving options has a designated Project Manager (PM) and a Senior Responsible Officer (SRO) who will be held accountable to deliver savings assigned to them.

- 14.14 Table 8 below provides an indication of the savings and growth that has been allocated to each Directorate.

Table 8 – Growth and Savings per Directorate

		2021/22 £m	2022/23 £m	2023/24 £m	TOTAL 2021/24 £m
Children, Families and Education	Savings	-9.433	-4.694	-2.296	-16.423
	Growth	20.433	0.085	0.077	20.595
Health Wellbeing and Adults	Savings	-17.494	-10.745	-9.505	-37.744
	Growth	29.251	6.919	6.880	43.049
Place	Savings	-12.759	-7.378	-3.513	-23.650
	Growth	10.102	0.800	1.000	11.902
Resources	Savings	-4.982	-1.693	-1.277	-7.952
	Growth	13.585	-0.720	-0.863	12.002

15 Local Taxation Charge for 2021/22

- 15.1 The council tax change for the Croydon element of the charge for 2021/22 is recommended to be **4.99%** in accordance with Appendix D of the report.
- 15.2 This decision includes a 3.0% increase for the Government's' adult social care precept that was approved as part of the Local Government Finance Settlement. This is contained in Appendix C, with the Band D effect shown in table 9 below.

Table 9 – Local Taxation for 2021/22

Band D	2021/22 £	Increase %	Annual Increase £	Weekly Increase £
Croydon	1,354.02	1.99%	28.9	0.56
Adult Social Care Precept	170.47	3.00%	43.56	0.84
Total	1,524.49	4.99%	72.46	1.39

- 15.3 Table 10 gives details of both the increases to the Croydon element of the council tax and the Adult Social Care precept over the last 4 years and the increase being recommended for 2021/22.

Table 10 – Croydon Council percentage increase since 2018/19

	2018/19	2019/20	2020/21	2021/22
Croydon Council Percentage change	2.99%	2.99%	1.99%	1.99%
Adult Social Care Precept	2%	1%	2%	3%

- 15.4 Alongside grant income, local taxation is the other major income stream

that impacts on the budget setting of the council. The Collection Fund accounts for taxation from Council Tax and Business rates. Further detail can be found in Appendix B.

Council tax

- 15.5 Budgeted Council Tax revenues for 2020/21 are £193m and comprise 69% of the Council's overall Net Budget Requirement for this year of £277m – the balance of funding being derived from localised business rate income and Revenue Support Grant [RSG]. The charge for 2020/21 saw a maximum increase of 3.99% (1.99% General Demand increase and 2.00% increase through an additional Adults Social Care Precept) that was permitted and assumed in government's Core Spending Power assessment of local government funding without breaching the general level of increase that would have required a referendum to be held for the increase. The Band D charge of £1,524.49 (excluding the GLA precept of £363.66) is the fifth highest charge amongst London Boroughs.
- 15.6 Budget proposals set out in this report assume and recommend that the Council Tax charge is increased in 2021/22 by the maximum allowed under government regulations without triggering the need to hold a referendum on the increase. For 2021/22 those limits are 1.99% General Demand increase and 3.00% Social Care Precept – a total of 4.99%. Any higher proposed increase would require a referendum to be held at the Council's expense, unless permission were sought from the Secretary of State for a higher threshold for Croydon than currently set out in regulations.
- 15.7 The 4.99% increase outlined in the paragraph above would see the annual charge on a Band D property increase by £28.90 per year for the General Demand whilst the Social Care Precept increase of 3.00% adds £43.56 – collectively an increase of £72.46 and equivalent to £1.39 per week for a Band D Council Tax payer. In addition, the GLA has proposed a 9.51% increase for its General and Metropolitan Police charges. Collectively these proposed increases would result in a total Band D charge of £1,888.15 – an increase of £104.05 (5.83%), equivalent to £2.00 per week increase for a Band D household with two or more residents. The following table illustrates the composition and the impact of the proposed changes on each property banding.

Table 11: Change in Council Tax charge

Band	Band D Ratio	2020/21 Charges				2021/22 Charges				Weekly Change	
		General Demand (£'s)	Social Care (£'s)	GLA Precept (£'s)	Total Charge (£'s)	General Demand (£'s)	Social Care (£'s)	GLA Precept (£'s)	Total Charge (£'s)	Croydon (£'s)	GLA (£'s)
A	6 9ths	883.41	84.61	221.38	1,189.40	902.68	113.65	242.44	1,258.77	0.93	0.41
B	7 9ths	1,030.65	98.71	258.28	1,387.63	1,053.13	132.59	282.85	1,468.57	1.08	0.47
C	8 9ths	1,177.88	112.81	295.17	1,585.87	1,203.57	151.53	323.25	1,678.35	1.24	0.54
D	9 9ths	1,325.12	126.91	332.07	1,784.10	1,354.02	170.47	363.66	1,888.15	1.39	0.61
E	11 9ths	1,619.59	155.11	405.86	2,180.57	1,654.91	208.35	444.47	2,307.73	1.70	0.74
F	13 9ths	1,914.05	183.31	479.66	2,577.03	1,955.81	246.23	525.29	2,727.33	2.01	0.88
G	15 9ths	2,208.53	211.52	553.45	2,973.50	2,256.70	284.12	606.10	3,146.92	2.32	1.01
H	18 9ths	2,650.24	253.82	664.14	3,568.20	2,708.04	340.94	727.32	3,776.30	2.79	1.22

- 15.8 The amount raised in Council Tax receipts for the Council is a function not only of the Band D charge itself, but the number and composition of properties eligible to pay the charge. This quantum is referred to as the “Taxbase” and was required to be determined and notified to precepting bodies by the 31st January 2021. Having made that determination, any further changes to that assumed quantum are, by way of required technical accounting adjustments, withheld from impacting next year’s General Fund revenue position, instead being held in an unusable collection fund adjustment reserve until the following year.
- 15.9 The estimated taxbase for 2020/21 was determined in January 2020 to be 132,729.4 Band D equivalent properties (after adjusting for the estimated number of properties in each banding; relevant discounts and exemptions; and anticipated collection rate). The equivalent number of properties for 2021/22 has been estimated to be 129,940.8 Band D equivalents – a decline of 2,788.6.
- 15.10 The change in taxbase is predominantly the result of anticipated growth in property numbers not materialising as originally assumed, but is also impacted by the number of householders becoming eligible for discounts due to their economic circumstances and reduced collection rates – all of which have been significantly impacted by the coronavirus pandemic.
- 15.11 The decline in projected number of Band D equivalent properties has an impact on the base budget for 2021/22. At the current 2020/21 Band D charge for Croydon (£1,452.03), a fall of 2,788.6 in the taxbase sees a reduction of £4.0m in income derived from Council Tax. However, the proposed increase of 4.99% in the Band D charge for the Council offsets this fall with the General Demand Increase (£28.90) and Social Care Precept (£43.56) respectively generating an additional £3.8m and £5.7m.
- 15.12 Taken collectively, the impact of the proposed Council Tax charge increases and change in taxbase see the current budgeted income from Council Tax of £193m increase by £5m in 2021/22 to £198m.
- 15.13 In setting out forecasts over the longer three-year MTFs planning horizon, future years Band D charges are assumed to increase by 1.99% year-on-year in accordance with current year referendum limits (and at Bank of England target inflation rate) whilst taxbase growth is assumed to return to a higher level (last four year average) and collection rates also trend back up to 98.5% as the impact of the coronavirus pandemic diminishes. The MTFs assumptions see future increases in net yield of £8m and then £7m in 2022/23 and 2023/24 as a result.
- 15.14 As referred to earlier in this section, technical accounting adjustments required under regulations ensure that any deficit in Council tax receipts actually chargeable to that forecast at the start of the year are offset and thus impact in the future year. These adjustments are held in the unusable reserve Collection Fund Adjustment Account. The lower than previously anticipated growth in the taxbase during 2020/21, as well as seeing a detrimental impact in receipts in 2021/22, also has an adverse impact on the 2020/21 position and results in a deficit in the Collection Fund. This is ordinarily recovered as an adjustment in the following year, but recent

regulations allow and require the 2020/21 deficit to be recovered over a three rather than one year period.

- 15.15 However, one-off additional grant funding has recently been announced as part of government funding to local councils for covid impacts which will mitigate deficit that would otherwise be seen. Collectively these adjustments see a £0.9m additional pressure on the budget position next year which remains over the three-year life of the MTFS due to the three-year spreading arrangements introduced by the latest amended regulations.

Projected Collection Fund Surplus / Deficit

- 15.16 Council Tax and Business Rate income is collected by the Council as the Billing Authority on its own behalf and the GLA (and in the case of business rates a 33% share for central government). All income and costs, such as write-offs; refunds and appeals repayments, are in the first instance credited to the Collection Fund account – an unusable reserve in the Council's balance sheet and distributed by means of precepts by the relevant bodies on that account.
- 15.17 Substantially as the result of the impact of the Covid-19 pandemic, the growth in the number of residential properties has seen fewer properties added to the Council Tax property list in the current year as well as declining collection rates that has led to the need to increase bad debt provisions at year end for potential losses. Similarly, in-year business rate yield has been impacted by the number of properties being declared vacant (and subject to three-month empty property relief) and the level of appeals against property valuations increasing leading to refunds where successful and provisions for those still pending determination by the Valuation Office Agency. In both cases these circumstances have led to forecast deficits for the current financial year.
- 15.18 Technical adjustment required under statute require that the amounts estimated to be distributed in any financial year represented the amount originally budgeted to be distributed and any in-year surplus or deficit is retained within the Collection Fund account and impact on general reserves in the following financial year. In-year deficits caused by factors outlined above, whilst not impacting on the current year General Fund budget thus affect next year's budget position.
- 15.19 Recognising the impact the current Covid-19 pandemic has had on all local authority positions with regard to both Council Tax and business rates, additional statutory regulations have been issued to require significant elements of any in-year deficit to be held in the Collection Fund and spread over a three year period rather than the usual one year – the re-phasing of these deficits are included in the proposals set out in this Budget Setting and three-year MTFS report.
- 15.20 The total projected deficit on the Council Tax element of the Collection Fund was estimated to be £9.167m and notified to preceptors on 25th January 2020. Croydon's share of that deficit is £7.458m – being spread over three years being 2.503m per year. A final variance on the 2019/20 outturn of £0.052m reduces the net transfer in 2021/22 only.

15.21 Against a 2020/21 base budget Croydon share of a deficit of prior year business rates Collection Fund deficits, an increase of £0.185m to a total of £1.910m. Under regulations this element cannot be spread over three years and becomes a one-off charge in 2021/22. In addition, a further £2.391m deficit has been forecast which is spread over three years, representing an annual cost over the MTFS period of £0.797m.

16.0 Greater London Authority Precept 2021/22

16.1 On 15th December 2020, the Mayor of London announced his provisional proposal to increase his share of council tax by 1.99%, £6.64. This was revised on 12th January 2021 to 9.5%, £31.59 of which £15 will go towards helping fund the Metropolitan Police and £15 for Transport of London subsidies for children and over 60s. The remaining £1.59 per-household would go towards helping the fire service respond to changes recommended by the Grenfell Tower inquiry.

In order to implement the proposed increases for TfL, the GLA requires approval from the government to amend its referendum limits as the increase would be greater than its current 2% limit before a referendum was required.

16.2 This overall resultant council tax increase is set out in table 12 below.

Table 12– Local Taxation increase and the GLA Tax increase

Band D	2021/22	Increase	Annual Increase	Weekly Increase
	£	%	£	£
Croydon	1,354.02	1.99%	28.9	0.56
Adult Social Care Precept	170.47	3.00%	43.56	0.84
Greater London Authority	363.66	9.50%	31.59	0.61
Total	1,888.15	5.83%	104.05	2.00

16.3 The overall increase on the total bill for the residents Croydon is 5.83%.

17.0 DSG CROYDON

17.1 In 2019, the government announced additional in education funding over a three year period from 2020/21 and national schools funding will increase by £4.8 billion in 2021/22 and £7.1 billion in 2022/23 compared to funding levels in 2019/20. In addition, funding continues to be provided to fund the recent increase in pension costs for teachers, worth £1.5bn a year.

17.2 Croydon's DSG allocation has increased accordingly and in 2021/22, Croydon will receive £390.567m in funding through the Dedicated Schools Grant (DSG), an increase of £25.3m in funding, of which £12.9m relates

to the teacher's pay and pension grant element, or 6.9% since 2020/21, compared to 6.6% increase across London and 8.1% nationally.

- 17.3 The increase in funding from 2020/21 follows a decade of real term reductions in per pupil funding for statutory school aged pupils (5 – 16 years old). In January 2020, the Department for Education (DfE) released trend data on school revenue funding revealing that the total amount of funding through specific grants¹, in cash terms, allocated to English schools for 5-16 year olds had grown over the last nine years as the total pupil population has grown. The total funding allocated to schools was £44.5 billion in 2019/20, an increase of 27.4% compared to the £35.0 billion allocated in 2010/11.
- 17.4 Total funding also grew over this time in real terms (adjusted for price changes using the GDP deflator), increasing by 8.8%. Funding increased in real terms in each year during that period with the exception of a slight fall in 2016/17 compared to 2015/16.
- 17.5 On a per-pupil basis the total funding allocated to schools for 5-16 year olds, in cash terms, in 2019/20 was £5,940, a 14.8% increase compared to £5,170 allocated per pupil in 2010/11. In real terms, funding per pupil was broadly flat between 2010/11 and 2015/16 at just over £6,000 in 2019/20 prices. It then fell by 4.2% over 2016/17 and 2017/18, but subsequently increased by 1.9% over 2018/19 and 2019/20, in part as a result of additional funding provided in respect of teacher pension employer contribution costs.
- 17.6 Over a shorter period, in cash terms Croydon's per pupil funding increased to £6,166 in 2019/20, a 7.1% increase compared to £5,757 allocated for statutory school age pupils in 2013/14. In real terms, funding per pupil over the same period fell by 3%. Since 2019/20, with the exclusion of the teacher's pay and pension grant element, per pupil funding has increased to £6,831, a 10.7% increase since 2019/20. Croydon's total DSG (excluding the Early Years Block) changes, in cash and real terms, since 2018/19 is summarised in the table 13 below.

Table 13- Funding per pupil

DSG Block	2018/19 £'m	2019/20 £'m	2020/21 £'m	2021/22 £'m
Schools	243.87	247.51	262.96	269.16
High Needs	60.21	61.09	66.8	72.40
Central School Services	6.18	6.12	5.83	5.97
Total DSG (exc Early Years)	310.26	314.72	335.59	347.53
Pupil numbers	50,777	51,037	51,023	50,875
Per pupil funding	£6,110.29	£6,166.47	£6,577.45	£6,831.09
Funding change	2.50%	0.90%	6.70%	3.90%
Inflation (CPI)	2.70%	2.50%	1.80%	0.90%
Real terms funding change	-0.20%	-1.60%	4.90%	3.00%

Dedicated schools grant (including the schools block, most of the high needs block and the central school services block (CSSB); but excluding the early years block and post-16 funding in the high needs block); Pre-16 high needs place funding in non-maintained special schools, special and alternative provision free schools; Pupil premium; Supplementary free school meals grant; Teachers' pay grant (TPG); and Teachers' pension employer contribution grant (TPECG).

Schools Block

- 17.7 The Schools Block 2021/22 allocation is £281.313m (before recouPMENT), which is an increase of £18.35m since 2020/21 mainly due to the inclusion of the teacher's pay and pension grant element of £12.154m and to accommodate the overall increase in Education funding for 2021/22.
- 17.8 The minimum funding guarantee (MFG) will continue to be applied, hence every school or academy will see an increase in funding of at least 0.5% per pupil compared to its 2020/21 budget (this excludes sixth form funding). MFG protects schools' budgets from large changes in funding based on factor changes. It protects on a £/per pupil basis. This means it will not protect a school against falling roll numbers.
- 17.9 The NFF provides two per pupil funding rates, one for primary pupils and one for secondary pupils. In 2021/22, the respective funding rates are £4,821 and £6,433. The 2020/21 rates per pupil were £4,505 for primary pupils and £5,987 for secondary pupils. Croydon is, on a per pupil basis for primary and secondary pupils, ranked 23rd out of 32 London boroughs. This ranking has risen by one place since 2020/21. Although Croydon has seen an increase in its funding allocation, boroughs nearest to us have also received an increase. This results in the continuation of the gap between how much extra a pupil in our nearest inner London neighbours is funded compared to Croydon.

Early Years

- 17.10 The Early Years 2021/22 indicative allocation is £30.108, an increase of £0.352m since 2020/21 again mainly to accommodate the overall increase in Education funding for 2021/22. The final allocation will be adjusted following the January 2021 census.
- 17.11 The Early Years block allocation for Croydon is based on a nationally set rate of a:
- £5.21 hourly rate for three and four year olds; and
 - £5.74 for two year olds
- This has increased from funding rates of £5.13 and £5.66, respectively.

The proposed rates based on the indicative 2021/22 allocation remain as they were in 2020/21 at:

- £4.87 for three and four year olds; and
- £5.74 for two year olds

High Needs

- 17.12 Funding for High Needs provision continues to be area of increased budget pressure nationally and Councils including Croydon have developed Special Educational Needs and Disability (SEND) strategies to

ensure services are delivered efficiently and effectively to meet demand and need. Croydon Council has reviewed SEND demand, practice and provision and engaged with stake-holders, including parents, young people and schools to inform the development of five year SEND Strategy that was implemented in 2019/20.

- 17.13 The High Needs 2021/22 allocation is £73.1m, which is an increase of £6.586m since 2020/21, including the teacher's pay and pension grant element of £0.696m. This allocation is based on the October 2020 census, with further adjustments to be made for January 2021 census.
- 17.14 At as the end of 2019/20, the High Needs block forecast overspend was £18.477 m (including previous years overspends). The 2020/21 Quarter 3 High Needs Block forecast overspend is £4.575m, bringing the cumulative High Needs deficit to £23.052m.
- 17.15 The budget pressures are principally attributable to the increase in demand, which has led to an over-reliance on the independent / non-maintained sector, due to shortage of local state funded special schools and / or resourced provision. This is being addressed and a strategy developed to move to a more sustainable framework. Table 14 below illustrates the increase in the number of Education and Health Care Plans compared to the increase in High needs funding since the introduction of the EHCP regulations in 2014/15.

Table 14 Impact of EHCP regulations

Year	Funding £'m	Funding Change	Number of EHC Plans	Percentage increase in number of EHC Plans	Percentage of Total Pupils
2014/15	48.90		2,044		4.5%
2015/16	51.41	5.1%	2,074	1.5%	4.5%
2016/17	51.24	-0.3%	2,217	6.9%	4.8%
2017/18	51.63	0.8%	2,491	12.4%	5.0%
2018/19	58.82	13.9%	2,693	8.1%	5.3%
2019/20	60.21	2.4%	2,999	11.4%	5.9%
2020/21	66.80	10.9%	3,163	5.5%	6.2%

The increase in 2021/22 will mean there will have been a 30.4% real terms increase in funding since 2014/15. However, over the same timescale, we will have seen an increase in EHC plans of over 53%

- 17.16 Croydon Council has a long term plan to increase special schools, Enhanced Learning Provision and post 16 specialist places, including a new free special school with 150 places opening in September 2020. Through this strategy the intention is to provide an effective pathway of local education provision for young people which is an efficient use of resources and supports young people in becoming independent in or near their local community.
- 17.17 That, together with an approach that manages reliance on Education, Health and Care Plans (EHCP) for children with lower levels of SEND, reduces demand and ensure placements of children are delivered through

the continuum of state-funded education provision at efficient values. The increase in the number of EHCP plans following the change of regulations has also had a financial impact on the Council's revenue budget providing home to school transport, with cost rising annually.

- 17.18 The increase in EHCPs has a direct correlation on the increase in students eligible for travel assistance.

Table 15– Analysis of SEN

Academic year	Number of students with EHCPs	Number of students on Traditional transport	Number of students on a PTB	Number of students travel trained
2015/2016	2406	1121 not including post 16	79	41
2016/2017	2691	1127 not including post 16	84	56
2017/2018	2783	1156 not including post 16	88	63
2018/2019	2940	1203 not including post 16	96	24
2019/2020	3163 (to date) plus approx. 35 pupils on assessment places *	1258 (+ 100 post 16)	105 to date	12 to date

*pupils who were given specialist provision on an assessment place and not registered as having an EHCP but still eligible for transport.

- 17.19 A number of Innovative strategies continue to be implemented to try and deal with the unprecedented demand for SEN travel assistance which include
- Investment in our in-house travel training service, gaining an excellent reputation from other boroughs
 - Route sharing with neighbouring boroughs
 - Amendment of Croydon's post-16 travel policy in 2019 following a detailed consultation process which allows for the default position of a personal transport budget for 16-18 year old eligible students who are not suitable for independent travel training
 - The Promotion of Personal transport budgets
 - Review of high cost, complex cases
 - Joint strategic working with SEN, Schools and parents (placement decisions)

Central Services Schools

- 17.20 In 2018/19, the NFF created a fourth block within the DSG called the Central Services Schools Block (CSSB). This block is made up of two parts – Reported spend on Ongoing Functions and Reported spend on Historic Commitments.

17.21 Ongoing Functions

The Reported spend on Ongoing Functions includes services such as School Improvement and Education Welfare, totals £2.833m, including £0.08m for the teacher's pay and pension grant element.

The 2021/20 allocation for ongoing functions (without the pay and pension adjustment) has reduced by £0.079m based on a reduction in the CSSB unit of funding decreasing by 2.5% year on year from £55.49 per pupil in 2020/21.

17.22 Historic Commitments

The reported spend on Historic Commitments consists of the prudential borrowing costs for SEND provision (£3.0m) and historic teacher pension costs (£0.213m), totalling £3.213m and has remained the same allocation as 2020/21.

17.23 The Education and Skills Funding Agency (ESFA) has a previously stated policy of reducing the funding that LAs receive for historic commitments made prior to 2013/14 and each year, the LA has made (successful) representations to the ESFA to maintain the current level of funding due to the impact on the General Fund of any reduction – particularly on the prudential borrowing costs of a capital programme with a pay-back period of 10 years (up to 2025/26). The ESFA have not yet determined how they will continue to unwind this in future years and commit to ensuring information about future years will be provided with as much notice as possible.

17.24 The 2021/22 budget for the Schools, Early Years, High Needs and Central School Services Blocks has been agreed by Schools Forum. The Schools Block funding formula was approved by Cabinet on 18th January 2021 and submitted to the DfE on the 20th January 2021 using the budget principles agreed by Schools Forum over the autumn period. Once agreed by the DfE the detailed school budgets will be finalised and these will be issued to schools in March 2021.

DSG Management Plan

17.25 As a condition of the 2021/22 DSG, LAs with an overall DSG deficit of one per cent or more at the end of the previous financial year are required to submit recovery plans for that deficit and Croydon submitted the original DSG Deficit Recovery Plan to recover the 2018/19 in-year High Needs Block deficit (£5.611 million) over a five year period to the DfE, as agreed with the School Forum and Chief Finance Officer and endorsed by this Sub Committee in July 2019.

17.26 The five-year recovery period is in line with the five year SEND strategy with key areas to be targeted. The intention is to improve our SEND provision while reducing the expenditure in order to ensure that we can fulfil our statutory duty to be meet the needs of all pupils with special education needs.

- 17.27 In response to the request from the DfE (30th October 2019) to revise the plan in light of the additional DSG funding announced for 2020/21, a revised DSG Recovery Plan was presented and noted by the School Forum on 9th December 2019 and subsequently submitted to the DfE. The DfE has not responded to this revision.
- 17.28 The DfE letter of response informed Croydon that as the High Needs Block allocation for 2020/21 would be increased and that subsequent year's allocations for 2021/22 and 2022/23 were under review, the Council would need to review and revise the previously submitted recovery plan.
- 17.29 More recently, a new template and accompanying guidance for a [DSG Management Plan](#) was released in September 2020 and the DfE has, again, recognised that the management of DSG balances, both bringing spend in line with income and repaying deficits, will take time for some LAs. Croydon is currently revising their existing DSG Recovery Plan and in accordance with the template accompanying that guidance will be planning to bring the High Needs Block expenditure within the High Needs Block funding allocation by Year 3 (2023/24) with recovery of the cumulative deficit to follow in future years.
- 17.30 In October 2020, the Council's external auditor, Grant Thornton, in issuing a Report in the Public Interest (RIPI) concerning the Council's financial position and related governance arrangements, highlighted concerns in respect of not managing the Dedicated School Grant within existing budgets.
- 17.31 The Council fully accepts the findings of the Report and the recommendations that have been made, including Recommendation 5 that the General Purposes and Audit Committee (GPAC) should receive reports on the actions being taken to address the Dedicated Schools Grant deficit and challenge whether sufficient progress is being made.
- 17.32 To implement the action plan in response to those recommendations, specifically in respect of the DSG deficit, the LA will report the progress against the DSG deficit management plan to the School Forum, in accordance with DfE guidance and as set out above, as an additional level of scrutiny prior to the progress being reported, more generally, to Cabinet as part of the usual quarterly budget monitoring report and more specifically to the General Purposes and Audit Committee (GPAC) in adherence to the specific recommendation of the Report.
- 17.33 The DSG management plan will be presented to the School Forum on 8th February, prior to approval and submission to the DfE, followed by GPAC on 4th March 2021.

18 Capital Budget – 2020/21 to 2023/24

- 18.1 The Council's draft Capital Programme was presented to Cabinet on 18th January 2021. It was noted that in order to move the Council to a financial sustainable footing, work continues on reviewing operational and service delivery costs to bring them to a more appropriate level and this approach applies to the Capital Programme it better reflects the Council's priorities in light of its ongoing financial challenges.
- 18.2 Whilst the 18th January Cabinet report presented a draft capital programme, this report provides the final confirmed capital programme report. Furthermore, this report also provides for the Housing Revenue Account (HRA) Capital programme, which is further detailed within Table 17 and Section 18.24.
- 18.3 The Council has worked to re-align the capital programme to ensure that it is in proportion to its corporate priorities in light of the current financial challenges. Council will need to prioritise delivery of the Capital Programme based on affordability and critical needs. Other projects which are already in progress will be scaled back accordingly. The projects within the capital programme in para 18.8 which are funded from borrowing will be subject to further review, in the light of the impact on the Council's revenue budget and no contractual commitment should be entered into until a review of revenue affordability has been concluded
- 18.4 The Capital Programme is typically made up of recurring key projects and programmes linked to the Council's statutory duties such as highways maintenance programme and the Education Estates maintenance Programme. It also includes various upkeep of the Council's own assets such as digital infrastructure, the corporate property Programme. Whilst these are not statutory this spend is important to ensure that the Council's infrastructure is repaired and maintained to protect the value of these assets and ensure they are fit for purpose to deliver vital services to the public.
- 18.5 As indicated in para 18.3 a large proportion of the Capital Programme is funded using borrowing. There is a direct impact of additional borrowing on the Council's revenue account from borrowing as the Council will need to pay for interest costs that arise from taking on borrowing. In addition, as per the Local Government Act 2003, all Local Authorities are required to provide for Minimum Revenue Provision within its MTFS, which as becomes an additional charge to the Revenue account. Both these costs are factored within the interest payable & MRP line within the corporate budgets. The Council will work with the GLA to seek further grant funding to support the acquisition of Brick by Brick properties and thus reduce reliance on borrowing.
- 18.6 As part of the Council's regular budget monitoring requirements the Council will provide regular updates on the progress of the delivery of the capital programme.
- 18.7 Table 16 below provides a detailed breakdown of various schemes per Directorate.

Table 16 – Capital Programme

Description	Budget 2021/22	Budget 2022/23	Budget 2023/24	Total Budget 2021/24
	£000s	£000s	£000s	£000s
DFG	2,400	2,400	2,400	7,200
Empty Homes Grants	500	-	-	500
Bereavement Services - burial land	600			600
Bereavement services – crematorium	465	-	-	465
Health, Wellbeing and Adults	3,965	2,400	2,400	8,765
Education – Fire Safety Works	1,200	300	-	1,500
Education – Fixed term expansion	260	34	-	294
Education – Major Maintenance	2,945	3,000	3,000	8,945
Education – Permanent Expansion	180	44	-	224
Education – Special Educational Needs	8,892	352	555	9,799
Education – other	200	-	-	200
Children, Families and Education Sub Total	13,677	3,730	3,555	20,962
Asset Management	155	-	-	155
Clocktower chillers	462	-	-	462
Corporate Property	2,000	2,000	2,000	6,000
Feasibility Fund	330	330	330	990
Fieldway Cluster (Timebridge community centre)	121	-	-	121
Grounds Maintenance Insourced Equipment	1,200	-	-	1,200
Leisure centre invest to save	140	70	-	210
Libraries Investment	1,610	-	-	1,610

Measures to mitigate travellers	73	73	73	Appendix H 219
Museum archives	100	-	-	100
Parking	475	475	-	950
Play equipment	815	-	-	815
Safety - Digital Upgrade of CCTV	655	-	-	655
SEN Transport	1,275	-	-	1,275
Signing	112	-	-	112
South Norwood Regeneration	53	849	74	976
Waste and Recycling	1,558	-	-	1,558
Waste and Recycling - Don't Mess with Croydon	768	-	-	768
Place sub-total	11,902	3,797	2,477	18,176
ICT Refresh & Transformation	6,200	6,200	6,200	18,600
People ICT Programme	1,521	-	-	1,521
Uniform ICT upgrade	-	-	3,719	3,719
Finance and HR System	400	-	-	400
Resources sub-total	8,121	6,200	9,919	24,240
Highways	17,231	8,051	0	25,282
Electric Vehicle Charging Points	500	-	-	500
Growth Zone	4,000	0	0	7,500
Asset management - Stubbs mead	3,132	-	-	3,132
Total	24,863	8,051	0	32,914
General Fund	62,528	24,178	18,351	105,057
MHCLG capitalisation direction	50,000	25,000	5,000	80,000
Total Including Capitalisation	112,528	49,178	23,351	185,057
Major Repairs and Improvements Programme	26,771	26,771	26,771	80,313
Special Transfer Payments	180	180	180	540
BxB Properties Acquired	54,535	0	0	54,535
HRA Total	81,486	26,951	26,951	135,388
Capital Programme Total	194,014	76,129	50,302	320,445

Table 17 DRAFT Capital Programme Resourcing 2021/22 to 2023/23

	Budget 2021/22	Budget 2022/23	Budget 2023/24	Total MTFS budget
	£000s	£000s	£000s	£000s
Borrowing	36,497	10,687	5,722	52,906
Borrowing – GZ	4,000	0	0	7,500
S106	771	-	-	771
CIL	6,800	6,800	6,800	20,400
School Condition Allocation	4,145	3,300	3,000	10,445
Special Provision Capital Funding	897	152	355	1,404
Basic Need Funding	640	78	-	718
ESFA	5,003	-	-	5,003
Other grant – DFG	2,400	2,400	2,400	7,200
Other grant - Football Foundation				0
Other grant - London Marathon				0
Other Grant - ORCS	300	-	-	300
Historic England	374	511	74	959
Other grants – GLA	701	250	-	951
Total Funding	62,528	24,178	18,351	105,057
MHCLG capitalisation direction	50,000	25,000	5,000	80,000
Total General Fund Funding after Capitalisation	112,528	49,178	23,351	185,057
Major Repairs Allowance	13,668	21,209	21,209	54,924
HRA - Revenue Contribution	8,186	1,742	1,742	14,484

HRA - Use Of Reserves	19,805	4,000	4,000	Appendix H 27,805
GLA Funding of BxB Properties	8,500	0	0	8500
Borrowing BxB Properties	31,327	0	0	29675
HRA FUNDING	81,486	26,951	26,951	135,388
Overall Funding Requirement	194,014	76,129	50,302	320,445

- 18.8 The capital programme detailed in tables 16 and 17 above does not include expected slippage from the 2020/21 capital programme. Estimated slippage is detailed in the quarter 3 financial monitoring report as part of this Cabinet meeting and also attached as Appendix H. It is currently estimated that there will be scheme slippage of approx. £112.6m but this is subject to any changes arising between now and the year end. The final slippage will be reported to this Cabinet as part of the annual July Financial Review report once the financial year has closed. Schemes which are funded using a combination of external grants and borrowing will only be undertaken once the external funding is secure; amounts of council borrowing shown are indicative.
- 18.9 There are a number of key projects supported in the 2021/22 programme, including:
- 18.9.1 Continued investment in the school estate from 2021/22 to 2023/24 of £20.9m. This includes £15.67m for the New Addington Valley SEN School on the Timebridge site which the Education and Skills Funding Agency (ESFA) commissioned Croydon to lead on. The school will offer 150 places to children aged 2-19 years, with autism and learning difficulties, with the aim of providing a local pathway from the early years to adulthood. The proposed date for the opening of the school September 2021. The project will be fully funded by the ESFA under its "Invest to Save" programme.
- 18.9.2 Continued investment in Public Realm and Highways Infrastructure. This scheme will enable investment in the public realm and highways to ensure that the infrastructure is fit-for-purpose and achieves our vision making use of the opportunities presented by the Croydon Growth Zone. The Council will need to continue to borrow to maintain the highways network following reduction in TFL funding. Additional borrowing has been included to support the work needed to maintain bridges and other key structures and to meet our legal obligations under the Flood Water Management Act.
- 18.9.3 Continued investment in the Council's ICT infrastructure to provide a fit for purpose service to staff and residents. Add in further info
- 18.9.4 The HRA capital programme set out in Table 18 shows the planned capital expenditure in 2020/21 is £35.7m and total is

£102.6m over the 3 years to maintain homes to a decent homes standard and purchase new BxB homes using GLA grant under its Building Council Homes for Londoners programme to fund part of the cost:

18.9.5 Work is continuing to ensure fire safety within residential blocks owned or leased by the Council is compliant and meets current standards in order to provide safe homes for our residents. A £5m reserve will be set aside from existing reserves, with no additional borrowing required for this amount.

18.9.6 The capital programme includes £26.7m planned for ongoing and essential works identified, these include replacement/upgrade of flat front entrance doors, installation/upgrade of emergency lighting and fire alarm systems where required and blocks with spandrel panels which may need to be replaced.

18.10 No new capital schemes will be added to the programme without a business case being approved, a report being submitted to cabinet and then the funds will be released subject to the revenue costs of any scheme being affordable, this applies to both General Fund and HRA capital schemes.

Growth Zone

18.11 The Croydon Growth Zone is a Tax Incremental Financing (TIF) model which harnesses business rates uplift to enable borrowing to fund infrastructure. The Croydon Growth Zone programme consists of a range of transport, public realm social infrastructure and technology projects as reported to Cabinet in December 2017. They are deemed essential to mitigate the impact and maximise the opportunities of the growth planned (as detailed in the Croydon Local Plan 2018, Croydon Opportunity Area Planning Framework 2013 and the London Plan) in Croydon for the benefit of existing and future residents, businesses and visitors.

18.12 As reported to Cabinet in February 2020 in more detail, and subject to approval, the Growth Zone programme has been re profiled, with the total funding required for the period 2021/22 to 2022/23 of £4m. Table 18 below sets out the programme over that period.

Project	2021/22 to 2023/24 (£'000s)
Transport	500
Public Realm	1,600
Construction Logistics	400
Parking	300
Culture	500
Smart Cities	400
Social Infrastructure	300
Employment and Skills	0
Energy	0
TOTAL	4,000

Section 106 and Community Infrastructure Levy (CIL)

- 18.13 The Council, as Local Planning Authority, when required secures Section 106 Agreements as a requirement of the grant of planning permission to secure the mitigation measures necessary to make a development acceptable in planning terms. This includes securing financial contributions towards infrastructure types and projects.
- 18.14 The Council's Section 106 balance as at September 2020 was £4.7m. This balance is sub-divided into the heads of terms for infrastructure types and projects as set out in the parent Section 106 agreements. This understanding is important as Section 106 income can only be assigned in accordance with the parent Section 106 agreement in terms of infrastructure type, project and / or the location defined in the agreement.
- 18.15 Set out below in table 19 is the Council's detailed Section 106 balance sheet.

Section 106 – Head of Term	Balance
Affordable Housing	£1,026,483.00
Air Quality	£148,328.50
Bus Improvements	£80,590.42
Carbon Offset	£536,910.66
Culture	£51,679.49
East Croydon Station	£298,657.56
Education	£278,845.18
Employment and Skills Training	£298,098.00
Environmental Improvements	£27,466.00
Equality Programme	£21,957.00
Footways & Pedestrian Environment	£2,468.12
Health	£106,728.05
Highways	£84,375.29
Libraries	£62,942.00
Open Space	£431,248.77
Parking	£25,000.00
Public Art	£26,500.93
Public Realm	£450,548.97
Renewable Energy	£56,964.00
Skyline	£1,000.00
Sustainable Transport	£514,448.59
Tree Planting & Maintenance	£14,282.75
West Croydon	£172,781.56
TOTAL	£4,718,322.84

- 18.16 In terms of future Section 106 assignment, the Council is actively working (with partners as appropriate) on how the remainder of the Section 106 moneys can be used to benefit the people of Croydon and mitigate the development the contribution arose from. Section 106 assignment will continue to be governed by the Council's Infrastructure Finance Group and Capital Board.
- 18.17 A total of £3,582,344 of Section 106 income was assigned to specific projects during 2019/20 in accordance with the Section 106 parent agreement and Infrastructure Finance Group Terms of Reference. During 2019/20 a total of £775,674 of money secured under s106 agreements was spent on specific projects across the borough.
- 18.18 The Council introduced the borough's CIL in April 2013. The Council has been collecting the borough's CIL since this date. As a consequence of requiring the grant of planning permission and commencement of development post April 2013 for the CIL to be liable for payment, the income received since the introduction has gradually increased.
- 18.19 Borough CIL balance at 01/04/20 was £12,544,170.93. This income is available to be spent on infrastructure types and projects included on the Council's CIL Infrastructure List

- 18.20 Regulation 121A of the Community Infrastructure Levy Regulations 2010 (as amended) requires the Council to produce a statement of the infrastructure (CIL Infrastructure List) projects or types of infrastructure which the charging authority intends will be, or may be, wholly or partly funded by CIL. This broadly covers all infrastructure projects and types, except for sustainable transport and highway that are secured through Section 106 and / or Section 278 highway agreements.
- 18.21 In addition to allocations in 2019/20, and based on current CIL balances and forecast CIL receipts, it has been assumed that £6.8m of Borough CIL money will be available to fund the capital programme. Also, £2m of Borough CIL money has been assigned to the Council's Education Estates Strategy as agreed by Cabinet on Monday 18th January 2021 and £2.1m has been assigned to Leisure, libraries and open space maintenance. The specific projects to enjoy borough CIL funding will be defined through the governance of the Infrastructure Finance Group and Capital Board to ensure CIL legislative compliance. The specific project assignment will occur post the approval of this report and be published in the Council's CIL Infrastructure Statement.
- 18.22 The Community Infrastructure Levy (Amendment) Regulations 2013 allow for up to 15% to be spent on the provision, improvement, replacement, operation or maintenance of infrastructure; or anything else that is concerned with addressing the demands that development places on Croydon. This is commonly referred to as the Locally Meaningful Proportion.
- 18.23 The CIL Local Meaningful Proportion balance at 01/04/20 was £3.91m. The Local Meaningful Proportion will fund the Community Ward Budgets for 2020/21. Also, as set out in the September 2020 Cabinet Emergency Budget Report, CIL Local Meaningful Proportion will significantly contribute to the costs of the 2020/21 Community Fund Projects that meet the CIL legislative requirements.

Housing Programme

- 18.24 The Council is committed to delivering affordable housing in the borough through a range of measures:
- In order to accelerate the delivery of new homes for Croydon residents, the Council established Brick by Brick, an independent development company. Brick by Brick receives borrowing and equity investment from the Council. It is expected that the HRA will purchase up to 190 completed units of affordable housing within 2021/22 from Brick by Brick, based on availability and an agreement of a fair purchase price that will be sustainable for HRA borrowing.
 - The properties purchased from Brick by Brick are expected to charge London Affordable Rent levels (LAR), however are subject to Cabinet Approval.
 - The Council entered in to three separate limited liability partnerships (LLPs) with Croydon Affordable Homes, a local charity to develop units across the borough and street purchased properties as

affordable rented homes. In order to fund their acquisition activities, the Council gifted retained right to buy receipts to the LLPs, with the Council acting as lender for the balance of the funds needed. The Council has completed phase 1 and 2 of its street property acquisition programme for the provision of affordable rent. This has enabled acquisitions of 346 street properties for the provision of affordable rent in the borough.

- The Council has been awarded GLA grant funding under the Mayor of London's £1 billion Building Council Homes for Londoner's programme for social housing. The grant funding has been used to part fund the purchase of new build Brick by Brick properties, transferring them into the HRA.

Repair and Improvement of council stock

18.25 A key aim for the council has been the government target of bringing 100% of social homes up to the decent home standard. Croydon has invested in its HRA properties to ensure that it meets, and continue to achieve the decent homes standard. The Council has achieved a constant 99-100% of homes maintained at the decent home standard over the last seven years. Homes which are currently decent will fall below the standard, for example as facilities age and with wear and tear, the Council will need to continue to invest in the stock to keep homes up to standard over time. Indeed, the social housing regulator has proposed a revised home standard which will reflect the government's direction that social landlords should comply with the decent home standard with ongoing effect. The council continues to invest in maintenance and improvement works in order to maximise the life of the assets

18.26 The HRA budget for proposed major repairs and improvement programme for 2021/22 will remain at circa £27m, although available budget unspent at the end of 2010/21 will be carried forward, taking the estimated total spend to £30m. It should be noted that there is also a separate programme of responsive and cyclical repairs which are resourced through revenue funding totalling £12m. In order to enable the Council to respond quickly to any additional or changing fire safety regulations, a £5m reserve has been ringfenced in the HRA account.

19.0 Housing Revenue Account (HRA)

19.1 The Housing Revenue Account (HRA) is a ring-fenced account used to manage income and costs associated with managing the Council's owned housing stock and related assets which includes shops and garages on council housing estates. It is funded primarily from tenants' rents and service charges. The services provided to tenants and leaseholders which includes responsive repairs, management and supervision services and caretaking as examples are resourced from this account.

19.2 Croydon's HRA consists of approximately 13,400 homes. In addition to the HRA, there are approximately 800 homes that are managed on behalf of the General Fund, Private Landlords and Croydon Affordable Homes. These properties similarly require repair, maintenance and investment to

maintain good quality accommodation, and offer temporary accommodation to families most in need.

- 19.3 Longer term planning for the HRA is continuing to take place through the 30-year business plan which is updated annually to reflect changes in legislation and assumptions which underpin the financial projections. This includes the impact of increasing rents by CPI+1%, which will enable the HRA to be more financial sustainable. The lifting of the HRA borrowing cap will also enable the Council to consider developments funded directly by the HRA.
- 19.4 The budget for 2021/22, Table 20, shows a balanced position as required by statute and was reported with the proposed rent and other charges to the Tenants and Leaseholders Panel on the 9th February 2021.

Table 20 – 2021/22 HRA Revenue Budget

DESCRIPTION	ORIGINAL	BUDGET
	2020/21	2021/22
	£000	£000
Employees	13,976	15,162
Premises related expenditure	18,904	17,740
Supplies and Services	2,510	3,081
Third Party Payments	406	363
Transfer Payments	156	656
Transport related expenditure	30	44
Capital Charges	35,776	33,824
Intangible Charges	59	122
REFCUS	180	180
Corporate support services bought in	6,705	6,705
Recharges from other services	9,348	10,988
TOTAL EXPENDITURE	88,050	88,865
Government Grants	-	-
Other Grants, reimbursements and contributions	(209)	(185)
Customer and Client Receipts	(85,771)	(86,591)
Interest Receivable	-	-
Recharges to other services	(2,070)	(2,089)
TOTAL INCOME	(88,050)	(88,865)
NET EXPENDITURE	-	-
Contributions to / (from) Reserves	-	-

- 19.5 All investment in new-build is currently being undertaken outside of the HRA by either the Council's Development Company, Brick by Brick, or other partners. However, as part of the rent setting policy and with the change in policy with regard to Brick by Brick, the Council will subject to affordability, commence preparations for developing housing within the HRA during 2021/22.

19.6 Croydon Affordable Homes (the charity set up by the Council in partnership to deliver affordable rented properties across the borough) will be renting out local homes at a maximum of 65% of the market rent to borough residents and remaining units will be available through shared ownership.

19.7 Prior to the announcement removing the borrowing cap in 2019/20, the introduction of self-financing for the Housing Revenue Account (HRA) in April 2012 was accompanied by a limit on the amount of housing debt that each authority could hold. The limitations this generated for the HRA business plan resulted in many authorities (including Croydon) seeking to borrow to support affordable housing outside of the HRA.

Housing demand

19.9 It is considered that for at least the next 10 years that the housing market in London and the South east will be characterised by rising demand and increased barriers to entry caused by rising house prices, rising rents and population growth. Beyond 10 years it is difficult to predict with any certainty what housing policy will be in place or what structural housing market changes may have occurred.

19.10 The mix of new housing supply continues to be influenced by numbers of applicants on the Council's housing register locally and the forecasts of future housing need.

19.11 The budget position of the HRA is subject to continued uncertainty in light of further policy proposals that have been issued by the government. The Council is awaiting the final outcome of the legislative process followed by detailed guidance still to be issued by government.

19.12 The 'A new deal for social housing' Green Paper consultation outcome is awaited. Recent changes and proposals impacting HRA are set out below.

- The government has confirmed that from 2020/21 rent increases will apply at CPI+1% (Consumer Price Index) on social housing rented properties which is equal to 2.7%
- The government has proposed making Right to Buy (RTB) receipts to be available for 50% of social rented new build costs rather than 30%. We are waiting for the government's final decision on this.
- The government has proposed extending use of existing RTB receipts to 5 years with new receipts being available for 3 years. We are waiting for the government's final decision on this.

19.13 However, assumptions about these policy changes and the current legislation, % increase in rental income, have been incorporated into the 40 year business plan and annual budget setting. These are explained below.

Right to Buy

19.14 Croydon Council entered into a retention agreement with the government in April 2012. Under the terms of the agreement, the government requires that local authorities can only retain the receipts from right to buy (RTB)

sales if they spend it within three years of retention to create new stock by match funding the purchase of this new supply on a 70:30 basis.

- 19.15 The implication of this is that the RTB receipts can only fund 30% of new property development or acquisition costs with the remaining balance of 70% funded through the council's HRA or other resources. Interest is repayable to the government on retained receipts not used within 3 years.
- 19.16 The Council's Housing LLP has used retained RTB receipts which the HRA had been unable to use due to the limited resources in the HRA before the government announced the lifting of the borrowing cap, with the Council acting as lender for the balance of the funds for the purchase of the leases and development of the sites. As explained above, if the Council did not use the retained RTB receipts in this manner, it would need to repay the unused receipts to central government with interest.
- 19.17 The current 2020/21 HRA budget and business plan assumes there will be 80 right to buy sales in the year. As well as the loss of an asset to the HRA, this impacts on the level of rents collected year on year and therefore the availability of funds to match the 70:30 requirement.
- 19.18 The table below shows the RTB sales since 2012 compared to the assumptions in the Self-Financing (SF) settlement.

Table 21 – RTB sales since 2012

	Actual Sales (Forecast from 2020/21)	Assumed Sales (in SF Settlement)
2012/13	36	14
2013/14	51	17
2014/15	135	19
2015/16	143	20
2016/17	148	20
2017/18	90	20
2018/19	83	20
2019/20	58	20
2020/21	60	20
2021/22	80	20
Total	884	190

Rent Setting and Changes

- 19.19 The Welfare Reform and Work Act 2016 required all registered providers of social housing in England to reduce rents by 1% a year for four years from 2015/16 levels to 2019/20. This reduction commenced in 2016/17, making 2019/20 final year. Rents for new tenants must also reflect the 1% per annum reduction. Central government has announced that rents can increase from 2020/21, by CPI + 1% which is equal to 1.5% for the 21/22 uplift.

19.20 Where tenants are eligible for receipt of Housing Benefit, the level of benefit will reflect the lower rent. However, a small number of tenants may be subject to the overall benefit cap. The introduction of Universal Credit in Croydon has begun to have an impact on rent collection rates. Rates are likely to continue to drop as tenants move from receiving housing benefit to universal credit when they experience a change in circumstances, impacting on the levels of bad debt that the Council must provide for.

19.21 Social rents in Croydon are currently approximately 32%-35% of the private sector equivalent, as shown in the table below. New build council properties are let at a London Affordable Rent which is based on the GLA guidance for London at 65% of the comparable private sector market rent.

Table 22 – Comparison of rents in Croydon

Number of Bedrooms	Social Rent (per month) 2020/21	Social Rent (per month) 2021/22	London Affordable Rent (per month) 2020/21	London Affordable Rent (per month) 2021/22	Social rent as % of local market rent	LAR as % of average local market rent
1	£459.51	£466.40	£682.33	£692.56	34%	73%
2	£518.14	£525.91	£722.37	£733.21	33%	54%
3	£590.85	£599.71	£762.54	£773.98	32%	43%

Service Charges

19.22 In 2021/22, it is proposed that service charges increase by 1.5%, following a 2% increase in 2020/21. This will ensure that the level of service charge reflects the costs incurred. A full review of the costs was delayed due to the events of 2020 but will be considered as part of the forward plans for the HRA

19.23 The charges for 2021/22 will therefore be:

Table 23 –2021/22 Tenant Service Charges

	2020/21	2021/22	Change
Tenant Service Charges			
Caretaking	£10.38pw	£10.54	£0.16
Grounds Maintenance	£2.14pw	£2.17	£0.03

Heating charges

19.24 Only a small number of tenants use communal heating systems and are charged a fixed weekly amount for the gas they use. Apart from the Handcroft Road Estate, all other schemes are retirement housing schemes for older people. Heating charges will be adjusted to ensure that they align to actual costs incurred. This will result in some increases and some decreases for tenants of no more than 5%.

Garages and parking spaces

- 19.25 Rents for garages and parking spaces were not increased for 2020/21 and so it is proposed that an increase to garage rents will be applied for 2021/22. Any proposed increase to parking charges on must be consulted upon – this is planned to increase charges for 2022/23

Table 24– 2021/22 Parking and Garage Charges

	2020/21	2021/22	Change
Parking Spaces			
Tenants	£7.00pw	£7.00pw	£0.00pw
Non-Tenants	£9.62pw	£9.62pw	£0.00pw
Garages			
Avg. Rent*	£13.13	£13.33	£0.20pw

Voids and Bad Debts

- 19.26 The loss of income associated with void properties is assumed at 0.9% for 2021/22.

20.0 Treasury Management

- 20.1 The S151 Officer is responsible for setting up and monitoring the Prudential Indicators in accordance with the Council's Capital Strategy. The details are set out in the Treasury Management Strategy which is recommended to Cabinet for approval as a separate item on this agenda.
- 20.2 The prime function of the treasury management operation is to ensure that cash flow is adequately managed. This requires careful management of all cash balances within the Council's bank accounts. The contribution the treasury management function makes to the achievement of the Council's objectives is critical, as the balance of debt and investment operations ensures liquidity or the ability to meet spending commitments as they fall due, either as day-to-day revenue spend or for larger capital projects. The treasury operation carefully assesses the balance of the interest costs of debt and the investment income arising from cash deposits as this impacts directly on the Council's finances.
- 20.3 The Treasury service are also responsible in managing the Council's debt balances. The Council has a debt balance of £1.47bn as at the end of December 2020 which incurs significant interest and Minimum Revenue Provision (MRP) charge. It is important that the Council considers strategies that proactively reduces this debt balance and to help improve the direct charges to the Revenue account, which will bring the Council into a better financial position.

21.0 Statement of the Section 151 Officer on reserves and balances and robustness of estimates for purposes of the Local Government Act 2003.

- 21.1 Section 25 of the Local Government Act 2003 requires the Chief Financial

Officer (CFO) to report on the robustness of the budget estimates and adequacy of the planned reserves when the council tax decision is being made by the Council, this forms part of the statutory advice from the Section 151 officer to the Council in addition to their advice throughout the year in the preparation of the budget for 2021/22. The Chief Financial Officer and Section 151 Officer statutory responsibility resides with the Interim Director of Finance, Investment and Risk. This is his statement under the Section 25 requirement of the Act.

- 21.2 All Members of the Council have been advised of the financial challenges the Council faces over the next financial year, the medium and longer term. The levels of government funding for 2021/22 have been clearly identified in this report and it must be recognised and understood that a one year funding settlement creates a level of future year uncertainty and therefore creates a financial planning risk. In addition, in regards to the request for Capitalisation Direction a response from MHCLG has not at the time of writing this report been received. The Council is seeking £150m in capitalisation direction support which is necessary to balance this budget and deal with 2020/21 overspends.
- 21.3 Until 2019/20 the Council in common with other local authorities experienced substantial reductions to Local Government funding. 2020/21 saw a slight increase in our baseline funding however the pressures experienced since the start of 2020/21 have had a significant impact on the Council's financial position. A marginal increase in baseline funding into 2021/22 and the ability to raise Council Tax by 4.99% has further supported increased funding. In taking decisions on any budget all Members must first and foremost understand the underlying funding changes which the Council faces and set these associated decisions within the context of the overall financial environment the Council faces.
- 21.4 These continue to be very challenging times for Croydon Council and therefore it is certain that further difficult choices will be required over the coming budget cycle if the Council is to develop a solid financial foundation and achieve the delivery of a balanced outturn in 2021/2022 and in future years. The refreshed Medium Term Financial Strategy which will be presented to Cabinet in July 2021 will provide an update for Members on the future financial challenges the Council expects to face as well as progress made on the 21/22 Budget and the Renewal Plan. This refreshed document will include the full impact of the review of the Council's company and property investments with a view to limiting liabilities and proposals for transforming the operation of its services so as to deliver good performance on an affordable basis. This will form a strong robust platform and tool to develop and manage future budgets. In forming my statement of the robustness of the budget estimates and adequacy of planned reserves this position has been reviewed in detail with the Chief Executive and Executive Leadership Team and my conclusions and assumptions have been reported to the Cabinet as part of the Council's overall governance and financial stewardship arrangements. It is important that there is buy in and ownership at all levels from both political leadership and officers that there is a need for a more robust financial process for providing services within budget, than has hitherto existed and the expectation must be that services can be and must be delivered within the budget as set.

- 21.5 All Members must also be aware that the calculation of the budget is, in its simplest form, dependent on three key factors, which are set in the context of the level of support from central government, these are:
- a) The structural growth and savings in service expenditure or income;
 - b) The level of increase in local taxation (council tax); and
 - c) The level of reserves and balances.

- 21.6 With regard to the Housing Revenue Account, in 2020/21 where Local Authorities were allowed to raise Housing Rents by CPI+1%. This proposal continues into 2021/22 and this will ensure that the years of lost income from the 1% reduction in rents better supports the upkeep of our housing stock and support tenants in a better way. The updated 30 year HRA Business Plan shows a stable position however the Council need to keep a close eye on pressures in regards to repairs and maintenance and more importantly the investment that will be needed to for Fire Safety works. The development of new housing units within the HRA including the purchase of any units will need to be cost neutral in terms of revenue income covering the costs of managing and maintaining the new units and servicing debt.

Growth, Savings and income options in service expenditure

- 21.7 Proposals for growth, savings and income generation in service expenditure are ultimately a matter of political judgment balancing the needs and priorities of the borough within the available revenue resources. In balancing such decisions Members must have regard to the professional advice of officers in such matters as service need, statutory responsibility, changes to Government legislation, demographic factors (particularly in respect of demand-led services), unavoidable cost pressures whilst always having regard to the need to remain with the statutory requirement to balance the budget and to keep within that budget and available reserves once the budget is set. This report forms part of that advice.

The Level of Reserves and Balances

- 21.8 The level of reserves and balances are principally the responsibility of the s151 officer and are key to ensure the financial sustainability of the Council.
- 21.9 The Current level of Reserves are very low for the size of Croydon and historic mismanagement of this reserve balance has resulted in placing the Council in very weak position. The exact level of current bought forward reserves is currently under discussion with the External Auditor and cannot be firmed up until the 2019/20 audit of the accounts has been completed. In the light of this it is not possible to state with certainty as required under section 25 (1)(b)of the Local Government Act 2003; that the reserves are adequate until the audit is completed, however it should be noted that the 2021/22 Budget and the MTFs includes a clear plan to build up the reserve balance and £20m is being earmarked as part of the 20/21 planned capitalisation directive for contribution to the General Balance. With further a further increase of £10m 21/22. In light of the

Covid-19 pandemic the need to have a stronger reserve balance is clear as it allows the Council to create a necessary buffer to tackle unforeseen risks.

21.10 Earmarked reserves are also relevant in supporting the budget and objectives of the council. The level of earmarked reserves reflects a number of policy decisions by the council and supports the revenue budget. The decision to use earmarked reserves for particular purposes needs to reflect the financial strategy objectives of the council. Earmarked reserves have reduced over the last 3 years and are expected to be in the region of £10m at the end of 2020/21. This is a position that needs to be kept under review. The Council has previously relied upon the increased flexibility on the use of capital receipts which allowed the authority to use these to support transformation projects. This funding pays for capacity that would previously have to be funded from earmarked reserves. This option will need to be kept under review as capital receipts become available.

21.11 Despite budgets being calculated on most likely estimates, not the best estimates basis, the budget contains significant challenges in terms of the delivery of efficiency savings as well as managing demand led pressures and income generation. The Council has set in place plans to deliver departmental efficiencies and generate an additional income of £40m. Discussions with MHCLG have drawn attention to the need for potential flexibility in granting the capitalisation directive to enable the Council to deal with any proper accounting adjustments with regard to bad debt provision or impairment costs which will still be being crystallised. This flexibility is assumed in making this statement.

The external financial environment does remain volatile due to the pandemic. However, subject to:

- the Council introducing a strong corporate process to review and monitor spend throughout the year (mirroring to a degree the current s114 spending control panel),
- corporate and political buy in to the new arrangements combined with , prioritising the improvement of and compliance with the financial management arrangements,
- vigorously reducing expenditure as set out in Appendix A and
- subject to the receipt of the capitalisation directive at the sum requested

it is confirmed that the estimates as set out are robust as required by section 25 (1) (a) of the Local Government Act 2003

22.0 PRE-DECISION SCRUTINY

22.1 The 2021/21 budget has been presented to Scrutiny and Overview committee on 16th February 2021. The committee had the opportunity to scrutinise the budget setting process as part of the Cabinet Member for Finance and Resources question time.

22.2 At the Scrutiny meeting the draft budget and all savings, income and growth options were presented. This report enabled members to be briefed on the financial context and challenges the Council faces and

updated the Committee on the assumptions made in setting the 2021/22 budget. Appendix H

23.0 SUMMARY AND CONCLUSIONS

- 23.1 As all Members are aware, setting a budget for 2021/22 that is robust, balanced and deliverable has been extremely challenging particularly as the Council is within a S114 and has had to deal with historic financial management issues. This has involved a number of difficult decisions for the Council and a lot of work has gone into building the budget to deal with historic issues and errors. The Council faces increasingly challenging choices over the medium term to longer term within the context of its own funding position, the national economy and the level of funding available to the public sector as a whole.
- 23.2 This budget report is based on the current financial outturn projections for the current year. If any of the projections change significantly, these will have to be taken in to account either in year and urgent action taken to reduce expenditure in 2021/22.
- 23.3 Appendix C and D contains the legally required recommendations to Council for setting the budget and Council Tax for 2021/22.

24.0 FINANCIAL CONSIDERATIONS

- 24.1 The report contains the financial implications of the options to deliver a balanced budget for 2021/22 and the draft capital programme for 2021/20 to 2023/24.

25.0 LEGAL CONSIDERATIONS

Budget and Council Tax Setting

- 25.1 The Head of Commercial and Property Law comments on behalf of the Interim Director of Law and Governance that, as noted earlier in this report, due to the Council's financial position, a notice under section 114 of the Local Government Finance Act 1988 has been issued on two occasions in the last financial year. In considering the recommendations in this report, Cabinet and Full Council needs to have full regard to the Council's overall financial position as detailed in this report.
- 25.2 The provisions of the Local Government Finance Act 1992 sets out what the Council has to base its budget calculations upon, and require the Council to set a balanced budget with regard to the advice of the Council's section 151 officer. The setting of the budget is a function reserved to full Council, which needs to consider the draft budget which has been recommended for approval by Cabinet. Once the budget has been agreed by full Council, the Executive cannot make any decisions which conflict with it although variations and in-year changes can be made in accordance with the Council's financial regulations.

- 25.3 Section 25 of the Local Government Act 2003 requires the Chief Finance Officer to report on the robustness of the estimates made for the purposes of calculating the Council Tax and the adequacy of reserves both of which are contained within this report.
- 25.4 Section 30(6) of the Local Government Finance Act 1992 provides that the Council is required to set its budget (including Council Tax rates) before 11th March 2021 for the financial year 2021/22, although failure to set a budget within the deadline does not invalidate the budget. A delay to agreeing the budget may, however, have significant financial administrative and legal implications including potentially an individual liability for those members who contributed to the failure to set the budget. Failing to set the budget would also make the Council vulnerable to a judicial review challenge initiated potentially by the Secretary of State or any other person with a sufficient interest in the Council setting a budget (which could include a council tax payer). When considering the budget proposals the Cabinet and Council will be mindful of their fiduciary duty to ensure that the Council's resources are used in a prudent and proportionate manner. Members are required to have regard to their statutory duties whilst bearing in mind the requirement to act reasonably when taking in to account the interests of the Council Tax payers and Croydon's
- 25.5 The Local Government Finance Act 1992 (as amended), requires the Council as billing authority to determine whether its relevant basic amount of council tax for a financial year is excessive. If it is excessive then there is a duty under s.52ZF - s.52ZI to hold a referendum. Determining whether the Council Tax is excessive must be decided in accordance with a set of principles determined by the Secretary of State and approved by a resolution of the House of Commons. The Thresholds for 2021-22 provide that local authorities with responsibility for social care, such as Croydon, must hold a referendum if council tax is to be increased by 5% or more. Council tax for general spending requires a referendum if it rises by 2% or more, alongside a maximum 3% 'social care precept'. The 'adult social care precept' is technically not a 'precept' but additional headroom within the referendum regime for selected local authorities.
- 25.6 The procedure to be followed in developing the budget proposals as detailed in the report are set out in the Budget and Policy Framework Procedure Rules provided in Part 4.C of the Council's Constitution. To deliver some of the budget proposals action may be required which should be undertaken in accordance with statutory requirements including any legal requirements for consultation and equality impact assessments. Members will be aware of the requirement to consider the Council's obligations under the Equality Act 2010 as detailed more fully in the Equalities Considerations, section 23 below.

Approved by Sean Murphy, Head of Commercial and Property Law (Deputy Monitoring Officer) on behalf of the Interim Director of Law and Governance

26.0 HUMAN RESOURCES IMPACT

26.1 The implementation of the efficiency and cuts programme will in a number of instances necessitate a change of structure and skill mix of staff and/or change of working practices. Where a redundancy is being 'contemplated' the unions must be informed. If subsequently a redundancy is actually 'proposed' then the employer is immediately obliged to consult with the unions and staff for a minimum statutory period before any decisions and formal notification of redundancy is issued. The organisation will take these considerations into account in planning for the implementation of any structural reform.

26.2 Where restructures or transfers are proposed the Council's existing policies and procedures must be observed.

Pay Policy Statement

26.3 The Council aims to ensure that its remuneration packages are fair, equitable and transparent and offer suitable reward for the employment of high quality staff with the necessary skills and experience to deliver high quality services.

26.4 Under section 112 of the Local Government Act 1972, the Council has the "power to appoint officers on such reasonable terms and conditions as the authority thinks fit". In accordance with Section 38 of the Localism Act, this Pay Policy Statement sets out the Council's policy for 2021/22 on:

26.4.1 The remuneration of its senior staff including chief officers

26.4.2 The remuneration of its lowest paid employees

26.4.3 The relationship between the remuneration of its senior staff, including chief officers, and the remuneration of staff who are not chief officers

26.5 The pay policy statement is at Appendix G. The Council are required to approve the pay policy on an annual basis and therefore this will be considered as part of the budget decision of the Council on the 2nd March 2020.

Approved by: Sue Moorman – Director of Human Resources

27 EQUALITIES CONSIDERATIONS

27.1 Under the Public Sector Equality Duty of Equality Act 2010, decision makers must evidence consideration of any potential impacts of proposals on groups who share the protected characteristics, before decisions are taken. This includes any decisions relating to how authorities act as employers; how they develop, evaluate and review policies; how they design, deliver and evaluate services, and also how they commission and procure services from others.

27.2 Section 149 of the Act requires public bodies to have due regard to the need to:

- eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Act;
- advance equality of opportunity between people who share a protected characteristic and people who do not share it; and
- foster good relations between people who share a protected characteristic and people who do not share it.

27.3 Protected characteristics defined by law include race and ethnicity, disability, sex, gender reassignment, age, sexual orientation, pregnancy and maternity, and religion or belief.

27.4 Having due regard means there is a requirement to consciously address the three tenets of the Equality Duty within decision-making processes. By law, assessments must contain sufficient information to enable the local authority to show it has paid 'due regard' to the equalities duties; and identified methods for mitigating or avoiding adverse impact on people sharing protected characteristics. Where a decision is likely to result in detrimental impact on any group with a protected characteristic it must be justified objectively.

27.5 As a result, budget proposals have been subject to the Council's own equality impact analysis processes (EIA) between December 20 and January 21, as part of a risk-based approach to analyse potential equalities impact of budget proposals. Budget holders have identified where proposals are likely to have a disproportionate impact on those with protected characteristics (i.e. race, sex, disability, religion or belief, sexual orientation, pregnancy and maternity, and age).

In some instances budget holders have extended the equalities consideration to include analysis of non-statutory factors - such as language, socio-economic and health and social wellbeing. Where adverse impact has been identified mitigating actions have been specified.

27.6 In developing its detailed budget proposals for 2020/21 the Council has sought to achieve best practice in equality and inclusion. The Council recognises that it has to make difficult decisions in order to reduce its overall expenditure to meet Government cuts in grant funding and to deliver a balanced budget while ensuring that it is able to respond positively to increases in demand for essential services, and meet its legal equality obligations at the same time. In doing so it endeavours to best meet the specific needs of residents, including those groups that share a "protected characteristic".

27.7 Through its budget proposals, the Council will also seek to identify opportunities to improve services and the quality of life for all Croydon residents while minimising any adverse impacts of decisions, particularly in regard to groups that share protected characteristics. It is guided by the broad principles of equality and inclusion and has carried out equality impact assessments to secure delivery of that duty, including such consultation as required.

27.8 An equality analysis has been completed in respect of the overall Council

Tax increase which will apply to all households in the borough. While this increase is relatively modest, it will nonetheless impact those on low and fixed incomes and in particular those affected by changes to the benefit system and no longer qualify for Council Tax Support. This segment of the population is more likely to live in the most deprived areas in the borough where there is a greater proportion of Black Asian and Minority ethnicity residents. This has to be balanced against the additional amount raised through the Adult Social Care charge which will contribute to meeting the expected increase in demand for these services. The additional income will benefit Croydon's most vulnerable adults and families, likely to also be in this protected group. In addition the Council will continue, through the Council Tax Support scheme to provide financial relief for vulnerable households including:

- Pensioners on low incomes.
- People that are in receipt of disability living allowance or employment support allowance.
- People that are in receipt of income support.
- Single parents with a child or children aged under five.

27.9 As part of wider overall welfare support provided, residents having difficulties with their payments are offered practical budgeting advice and support as well as help in finding work through the Council's Gateway service. These provisions and the support available are highlighted in the customer's Council Tax bills.

27.10 In respect of specific proposals as outlined in Appendix A, it is likely that some proposals may result in new policies or policy or service changes, in this instance each proposal will be accompanied by an equality analysis which will inform the final proposal and its implementation, on a case by case basis made available at the time of decision.

Approved by Barbara Grant on behalf of Yvonne Okiyo, Equalities Manager

28.0 ENVIRONMENTAL IMPACT

28.1 There are no direct environmental considerations arising from this report.

29.0 CRIME AND DISORDER REDUCTION IMPACT

29.1 There are no savings which should impact upon this Corporate Priority.

30.0 REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

30.1 The council has a duty to set a balanced budget and therefore the proposals set out in the report achieve this duty.

- 31.1 Various other options were considered in terms of council tax levels, investments and savings. These are ultimately decisions of policy and political choice.
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REPORT CONTACT: Nish Popat, Interim Head of Corporate Finance

APPENDICES:

- Appendix A – Revenue savings, income and growth options
- Appendix B – Summary of Revenue Estimates
- Appendix C – Council Tax Bands
- Appendix D – Council Tax Recommendations
- Appendix E – Response to Provisional Local Government Settlement
- Appendix F – Dedicated Schools Grant
- Appendix G – Pay Policy Statement
- Appendix H – 20/21 Q3 Budget Monitoring Report

BACKGROUND DOCUMENTS: None

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REPORT TO:	COUNCIL 8 March 2021
SUBJECT:	RECOMMENDATIONS OF CABINET REFERRED TO THE COUNCIL FOR DECISION
LEAD OFFICER:	Jacqueline Harris Baker, Executive Director of Resources and Monitoring Officer
WARDS:	ALL
CORPORATE PRIORITY/POLICY CONTEXT:	
<p>The Recommendations of Cabinet referred to the Council for decision report is prepared in accordance with the Council Procedure Rules at Part 4A of the Constitution.</p>	

1.	<p>RECOMMENDATIONS FROM CABINET HELD ON 1 MARCH 2021</p> <p>Subject to decision at the Cabinet meeting to be held on 1 March 2021, Council is expected to be asked to approve the following recommendations:</p> <p>Treasury Management Strategy Statement Capital Strategy, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2021/22</p> <p>1.1. The Treasury Management Strategy Statement 2021/2022 as set out in this report including the recommendations:</p> <p>1.1.1. That the Council takes up borrowing requirements as set out in paragraph 4.12 of the report.</p> <p>1.1.2. That for the reasons detailed in paragraph 4.17, opportunities for debt rescheduling are reviewed throughout the year by the Director of Finance, Investment and Risk (S151 Officer) and that they be given delegated authority, in consultation with the Cabinet Member for Resources & Financial Governance and Deputy Leader (Statutory) and Cabinet Member for Croydon Renewal 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 2020/2024.</p> <p>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.</p> <p>1.2. That the Council adopts the Annual Investment Strategy as set out in paragraphs 4.19 and 4.20 of this report.</p>
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- 1.3. That the Authorised Limit (required by Section 3 of the Local Government Act 2003) as set out in paragraph 4.13 and as detailed in **Appendix C** be as follows:

2021/2022	2022/2023	2023/2024
£2,037.804m	£2,090.958m	£2,134.928m

- 1.4. That the Council approve the Prudential Indicators as set out in **Appendix C** of this report.
- 1.5. That 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 D** of the report be approved.
- 1.6. That the Council's authorised counterparty lending list as at 31st December 2020 as set out in **Appendix E** of the report and the rating criteria set for inclusion onto this list be approved.
- 1.7. That the Council adopts the Capital Strategy Statement set out in section 3 of the report.
- 1.8. That in the event of the Council receiving a Capitalisation direction that requires amendments to any part of the statements, strategies or policies contained in this report that the statutory Chief finance officer (Sec151 officer) be authorised to implement those changes and to report them to the next meeting of the Cabinet and council.

2. RECOMMENDATIONS FROM CABINET HELD ON 18 FEBRUARY 2021

Following the decision at the Cabinet meeting held on 18 February 2021, Council is asked to approve the following recommendations:

Rent Setting Policy for Council Homes

- 2.1. Review the Rent-Setting Policy for Council Homes within the Housing Revenue Account ("The Policy"), appendix 1 hereto and as detailed within the report and approve the adoption of this policy in accordance with Article 4.02 of Part 2 of the Constitution.

Review of Brick by Brick Croydon Ltd: Brick by Brick Shareholder decision – the future of the company

- 2.2. The Council is asked to note the recommendations the Cabinet resolved to agree (set out below) and that Council shall receive a verbal update in respect of the outcome.

Croydon Equalities Strategy

- 2.3. To approve the Equalities Strategy and the new Equalities Objectives.

3 RECOMMENDATION FROM ETHICS COMMITTEE HELD ON 11 FEBRUARY 2021

Following the decision at the Ethics Committee meeting held on 11 February 2021, Council is asked to approve the following recommendations:

Succession Planning for and Recruitment and Appointment of Further Independent Persons

3.1 Agree the recommendation of the Selection Panel for the following candidates:

- Donald Axcell
- Alan Malarkey
- Jennifer Gordon

to be appointed to the pool of Independent Persons and delegate to the Monitoring Officer the selection of an Independent Person from the pool for specific purposes.

3.2 Confirm that their appointment as Independent Persons for a term of 4 years, subject to annual appointment at Full Council, and that such appointment be subject to the Council's Scheme of Co-option set out in Part 6D of the Constitution.

3.3 Invite Anne Smith and Ashok Kumar, the Council's current Independent Persons, to serve for a further term of 2 years expiring at the end of the municipal year in 2023, subject to annual appointment at Full Council and the Council's Scheme of Co-option set out in Part 6D of the Constitution.

3.4 That Anne Smith and Ashok Kumar's appointment be confirmed on the basis set out above.

4 RECOMMENDATION FROM ETHICS COMMITTEE HELD ON 19 FEBRUARY 2021

Following the decision at the Ethics Committee meeting held on 19 February 2021, Council is asked to approve the following recommendations:

COMPLAINT UNDER THE COUNCILLOR CODE OF CONDUCT

4.1 That the Arrangements agreed by the Council under section 28(6) of the Localism Act and the terms of reference for the Ethics Committee, if necessary, be updated, for the avoidance of doubt, to reference the discretion of the Monitoring Officer to refer a complaint to an Assessment Sub-Committee of the Ethics Committee for Member' views to assist the Monitoring Officer in discharging her duties in regard to the assessment of complaints received concerning elected and co-opted members.

3. EXECUTIVE SUMMARY

3.1. The Recommendations of Cabinet and Committees referred to the Council for decision report comprises of matters of business formally undertaken by the Leader and Cabinet as well as Committees since the last ordinary meeting of the Council that require Full Council approval.

4. BACKGROUND

- 4.1. Part 4A of the Constitution requires that Cabinet and Committees include any recommendations that it has made to Council within this report.
- 4.2. These rules do not apply to any recommendations contained in the Annual Report of the Scrutiny and Overview Committee.
- 4.3. The Leader or Chair of the Committee making the recommendation may exercise a right to introduce the recommendation; in so doing the Leader or Chair of the Committee shall speak for a maximum of 3 minutes.
- 4.4. The recommendation shall be seconded without any further speakers and if not deferred for debate shall immediately be put to the vote.
- 4.5. Any Member supported by a seconder, may ask that a recommendation be deferred for debate and the recommendation shall immediately stand deferred.
- 4.6. In the event that any Cabinet or Committee recommendations have not been reached when the time limit for the meeting has expired, those recommendations shall immediately be put to the vote without further debate.
- 4.7. Attached at **Appendix 8.1** is the **Treasury Management Strategy Statement Capital Strategy, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2021/22** report to be considered at the **Cabinet** meeting to be held on 1 March 2021. The relevant appendices to this report are also included. These are **Appendix 8.1A** (Long-term debt profile), **Appendix 8.1B** (Specified and non-specified investments), **Appendix 8.1C** (Prudential Indicators), **Appendix 8.1D** (Minimum Revenue Provision Policy) and **Appendix 8.1E** (Commentary on Interest Rate Forecasts).
- 4.8. Attached at **Appendix 8.2** is the **Rent Setting Policy for Council Homes** report considered at the **Cabinet** meeting held on 18 February 2021. The relevant appendices to this report are also included. These are **Appendix 8.2A** (Policy for Rent-Setting for Council Homes within the Housing Revenue Account).
- 4.9. The **Review of Brick by Brick Croydon Ltd: Brick by Brick Shareholder decision – the future of the company** report considered at the **Cabinet** meeting held on 18 February 2021. It was agreed by Cabinet that the recommendations would be reported to Council for noting, with a verbal update to be provided. The recommendations Cabinet resolved to agreed were as follows:-
 - 1.1 Consider the PwC report including recommendations at Appendix 1 of the Part B agenda and the options set out in this report; agree to proceed with the option set out as scenario 2 of that report, which is a build out of sites by Brick by Brick combined with a sale of sites under construction whilst still considering the option of a sale of the business, with a further report to Cabinet in April / May 2021.

- i. Note that, with any option, there will be further costs/resourcing (in particular the sale of the business option, in order to ensure the proper advice is obtained regarding valuation, legal and financial implications) and some write off of the Council's investment (as further explained in the Part B report)
- 1.2 Agree that revised funding arrangements be entered into with Brick by Brick to reflect the current loan positions and proposals for the future, including, where relevant, moving to a 100% debt funding position (as opposed to 25% equity and 75% debt); extending relevant loans and repayment periods; allowing delays with repayments of existing loans; agreeing to further funding of no more than £9.99 million in relation to sites proposed for Brick by Brick to continue developing (and only where absolutely necessary within an appropriate repayment period), and:
 - i. Agree that the Interim Chief Executive be given delegated authority to finalise and agree the terms of new/varied funding agreements to be entered into between the Council and Brick by Brick in consultation with the Section 151 Officer and Monitoring Officer and in consultation with the Leader, Deputy Leader and Cabinet Member for Resources and Financial Governance.
 - ii. Note the progress of the loan agreement review (recommendation 19 of the Report in the Public Interest), as detailed in paragraphs 3.13-3.15 of this report.
 - iii. Note the advice at paragraph within the Part B paper regarding the legal implications of these proposed revised funding arrangements.
 - iv. Agree, where practically possible, to apply all funds being received from Brick by Brick first to the accrued interest and any subsequent funding will be used to pay back the principle loans
- 1.3 Agree for the necessary steps to be taken, in accordance with the Council's Tenders and Contracts Regulations, to appoint marketing agents to consider the disposal options for the College Green site (note, this is the site adjacent to Fairfield Halls which was due to transfer to Brick by Brick, but is currently held by the Council); the outcome of this options appraisal shall be reported back to Cabinet in accordance with the Council's governance processes.
- 1.4 Agree for the Council to review those sites Brick by Brick propose not to develop, as identified in Appendix 4, and to receive a future report to Cabinet on the potential use and future of each site (note, these are sites that had originally been intended to be transferred to Brick by Brick but are still held by the Council).
- 1.5 Agree that the plans to transfer the four sites identified in Appendix 4 from the Council to Brick by Brick proceed and, note, these sites will then be dealt with in accordance with recommendation 1.9 below.
- 1.6 Approve that the Council's Housing Revenue Account (HRA) can acquire residential units from Brick by Brick as part of this review and note that the

concurrent report to Cabinet regarding the arrangements for the future development of social housing within the Housing Revenue Account business plan will include Brick By Brick developments sites as potential development options. The acquisition and development will be subject to a review of affordability and HRA revenue implications.

The Cabinet, on behalf of the Council, exercising its functions as sole shareholder of Brick By Brick Croydon Ltd, is recommended to:

- 1.7 Agree that Brick by Brick continue to build out those schemes currently on site and due to complete by October 2021 (as identified in Appendix 2)
- 1.8 Agree that, in the event risks arise which affect timely completion of those sites referred to in Recommendation 1.7, agree that:
 - i. Brick by Brick shall report to the Council's Interim Chief Executive regarding those risks, including any development, operational, legal or other risks;
 - ii. The Council's Interim Chief Executive, in consultation with the Section 151 Officer and Leader, be authorised to decide:
 - a. whether the risks are such that selling the site(s) urgently would be more economically advantageous and, in those circumstances, shall have the ability to authorise Brick by Brick to sell those relevant sites; or
 - b. whether a further review is to be carried out and reported to Cabinet for a decision.
- 1.9 Agree that, for those sites which have estimated completion dates beyond October 2021 (as identified in Appendix 2), Brick by Brick be authorised to:
 - i. market the sites for sale and report back to the Council's Interim Chief Executive and Section 151 Officer regarding offers received;
 - ii. Subject to any objection by the Council's Interim Chief Executive in consultation with the Section 151 Officer and the Leader (note, this is to allow the Council the opportunity to consider whether continued build out of these sites might be more cost effective than offers received), sell those sites and, where necessary, novate any relevant contracts, such as building contracts, to the purchasers (for the avoidance of doubt, should the Council's Interim Chief Executive object, Brick by Brick shall not have the shareholder's authority to sell those sites).
- 1.10 Agree with the recommendation of the board of Brick by Brick to depart from the current Business Plan and no longer develop any site other than those sites identified in Appendix 2 (note, potential future transfers of interests in the work already undertaken will be the subject of a future report to Cabinet in accordance with recommendation 1.5 above).

- 1.11 Agree that these recommendations be adopted by way of shareholder resolution as revisions to the Business Plan of Brick by Brick Croydon Ltd, thereby requiring the company and Directors of the company to act on these recommendations and to carry out all necessary actions to give effect to them.
- 1.12 Require the Board of Brick by Brick to prepare and submit a revised Business Plan (by no later than May Cabinet) for adoption by the Council as shareholder, reflecting the decisions made under this report and to include the consequential impact on staffing and other relevant matters.
- 4.10. Attached at **Appendix 8.3** is the **Croydon Equalities Strategy** report considered at the **Cabinet** meeting held on 18 February 2021. The relevant appendices to this report are also included. These are **Appendix 8.3A** (EFLG LGA report), **Appendix 8.3B** (Stonewall Workplace Equality Index), **Appendix 8.3C** (Equality Strategy Consultation Report), **Appendix 8.3D** (DPIA), **Appendix 8.3E** (Equality Analysis) and **Appendix 8.3F** (Equality Strategy).
- 4.11. Attached at **Appendix 8.4** is the **Succession Planning for and Recruitment and Appointment of Further Independent Persons** report considered at the **Ethics Committee** meeting held on 11 February 2021.
- 4.12. Attached at **Appendix 8.5** is the **Complaint under the Councillor Code of Conduct** report considered at the **Ethics Committee** meeting held on 19 February 2021.

CONTACT OFFICER:	Victoria Lower, Senior Democratic Services and Governance Officer – Cabinet & Executive
APPENDIX 8.1:	Treasury Management Strategy Statement, Capital Strategy, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2021/22 report
APPENDIX 8.1A:	Long-term debt profile
APPENDIX 8.1B:	Specified and non-specified investments
APPENDIX 8.1C:	Prudential Indicators
APPENDIX 8.1D:	Minimum Revenue Provision Policy
APPENDIX 8.1E:	Commentary on Interest Rate Forecasts
APPENDIX 8.2:	Rent Setting Policy for Council Homes report
APPENDIX 8.2A:	Policy for Rent-Setting for Council Homes within the Housing Revenue Account
APPENDIX 8.3:	Croydon Equalities Strategy report
APPENDIX 8.3A:	EFLG LGA report

- APPENDIX 8.3B:** Stonewall Workplace Equality Index
- APPENDIX 8.3C:** Equality Strategy Consultation Report
- APPENDIX 8.3D:** DPIA
- APPENDIX 8.3E:** Equality Analysis
- APPENDIX 8.3F:** Equality Strategy
- APPENDIX 8.4:** Succession Planning for and Recruitment and Appointment of Further Independent Persons report
- APPENDIX 8.5:** Complaint under the Councillor Code of Conduct report
- BACKGROUND DOCUMENTS:** None

For General Release

REPORT TO:	CABINET 1 March 2021
SUBJECT:	Treasury Management Strategy Statement, Capital Strategy, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2021/2022
LEAD OFFICER:	Chris Buss Interim Director of Finance, Investment and Risk (S151 Officer)
CABINET MEMBER:	Councillor Stuart King Deputy Leader (Statutory) and Cabinet Member for Croydon Renewal Councillor Callton Young, Cabinet Member for Resources and Financial Governance
WARDS:	All

CORPORATE PRIORITY/POLICY CONTEXT/AMBITIONS FOR CROYDON:

The prime function of the treasury management operation is to ensure that cash flow is adequately managed, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite where providing adequate liquidity is prioritised over investment return.

The treasury management service finances the Council's capital plans. These plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

The contribution the treasury management function makes to the achievement of the Council's objectives is critical, as the balance of debt and investment operations ensures liquidity or the ability to meet spending commitments as they fall due, either as day-to-day revenue spend or for larger capital projects. The treasury operation carefully assesses the balance of the interest costs of debt and the investment income arising from cash deposits as this impacts directly on the Council's finances. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance Sheet.

Much of this treasury activity focusses on risk assessment, monitoring and mitigation. Principal among these risks are concerns about liquidity, interest rates, and security, that is to say whether the Council can obtain the cash it needs, whether those loans are affordable and what are the risks of losing those principal sums. Much of this report describes how these risks are monitored, what steps are taken to manage them and what concerns have been identified. It must be noted though that not all risks can be foreseen and treasury management is about understanding and managing risk not avoiding it. There are risks inherent in all aspects of this function.

Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (and are treated as capital expenditure); they are separate and distinct from the day to day treasury management activities.

Revised reporting on Treasury Management has been required since the 2019/2020 reporting cycle due to revisions of the Ministry of Housing Communities and Local Government (MHCLG) Investment Guidance, the MHCLG Minimum Revenue Provision (MRP) Guidance, the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code and the CIPFA Treasury Management Code. This report complies with these requirements.

FINANCIAL IMPACT:

This report sets out the Council's Treasury Management objectives, which are to manage the Council's cash flows, borrowing and investments whilst minimising the level of risk exposure; maximising investment yield returns within those risk parameters; and ensuring that capital expenditure and financing plans are prudent, affordable and sustainable. The report details the activities that will be undertaken by the Council in the financial year 2021/2022 and the capital borrowing needs of the Council for 2021/2022:

	<u>£m</u>	<u>Total £m</u>
1. In Year Borrowing Requirement (Net)		95.78
2. Total Interest Payable on Debt		
- chargeable to Housing Revenue Account (HRA)	12.1	
- chargeable to General Fund (GF)	26.0	
		38.1

In addition the report details the investment activities and the estimated level of income earned.

Investment Income net of interest apportioned to Non-General Fund accounts e.g. HRA and other cash balances:- (0.05m)

FORWARD PLAN KEY DECISION REFERENCE NO.:

This is not an executive key decision – this is reserved to the full Council for decision as part of the budget and policy framework.

1. RECOMMENDATIONS

The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below.

The Cabinet is asked to recommend to Full Council that it approve:

- 1.1. The Treasury Management Strategy Statement 2021/2022 as set out in this report including the recommendations:
 - 1.1.1. That the Council takes up borrowing requirements as set out in paragraph 4.12.
 - 1.1.2. That for the reasons detailed in paragraph 4.17, opportunities for debt rescheduling are reviewed throughout the year by the Director of Finance, Investment and Risk (S151 Officer) and that they be given delegated authority, in consultation with the

Cabinet Member for Resources & Financial Governance and Deputy Leader (Statutory) and Cabinet Member for Croydon Renewal 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 2020/2024.

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 4.19 and 4.20 of this report.

1.3. That the Authorised Limit (required by Section 3 of the Local Government Act 2003) as set out in paragraph 4.13 and as detailed in **Appendix C** be as follows:

2021/2022	2022/2023	2023/2024
£2,037.804m	£2,090.958m	£2,134.928m

1.4. That the Council approve the Prudential Indicators as set out in **Appendix C** of this report.

1.5. That 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 D** of this report be approved.

1.6. That the Council's authorised counterparty lending list as at 31st December 2020 as set out in **Appendix E** of this report and the rating criteria set for inclusion onto this list be approved.

1.7. That the Council adopts the Capital Strategy Statement set out below in section 3.

1.8. That in the event of the Council receiving a Capitalisation direction that requires amendments to any part of the statements, strategies or policies contained in this report that the statutory Chief finance officer (Sec151 officer) be authorised to implement those changes and to report them to the next meeting of the Cabinet and council.

2. EXECUTIVE SUMMARY

2.1 Under regulations made pursuant to the Local Government Act 2003 the Council is required to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities, 2017, (the Prudential Code), to ensure that the Council's capital investment plans are affordable, prudent and sustainable. In particular, the Prudential Code requires the Council set a number of Prudential Indicators for the next three financial years. This report, which incorporates these indicators, also details the expected treasury activities for the year 2021/2022, in the context of the longer term planning forecasts for the Council. The implications of these key indicators function as the overriding control and guidance mechanism for the future

capital programme and the revenue consequences that arise for the Council in future financial years.

2.2 The revised CIPFA Prudential and Treasury Management Codes (the Codes) require that all local authorities must prepare a Capital Strategy Statement, which provides the following:

- a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- an overview of how the associated risk is managed; and
- the implications for future financial sustainability.

3. CAPITAL STRATEGY STATEMENT

3.1 The aim of this capital strategy is to ensure that all elected members on the full council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

3.2 This capital strategy is reported separately from the Treasury Management Strategy Statement so that there is a clear separation of the core treasury function under security, liquidity and yield principles. The capital strategy will show:

- The corporate governance arrangements for these types of activities;
- Any service objectives relating to the investments;
- The expected income, costs and resulting contribution;
- The debt related to the activity and the associated interest costs;
- The payback period (MRP policy);
- For non-loan type investments, the cost against the current market value;
- The risks associated with each activity.

3.3 Where a physical asset is being bought, details of market research, advisers used, (and their monitoring), ongoing costs and investment requirements and any credit information will be disclosed, including the ability to sell the asset and realise the investment cash.

3.4 Where the Council has borrowed to fund any non-treasury investment, there should also be an explanation of why borrowing was required and why the MHCLG Investment Guidance and CIPFA Prudential Code have not been adhered to.

3.5 If any non-treasury investment sustains a loss during the final accounts and audit process, the strategy and revenue implications will be reported through the same procedure as the capital strategy.

3.6 To demonstrate the proportionality between the treasury operations and the non-treasury operation, high-level comparators are shown throughout the report specified above.

The Capital Strategy Statement

Context: the revised CIPFA Prudential and Treasury Management Codes

- 3.7 The framework established by the revised CIPFA Prudential and Treasury Management Codes (the Codes) codes supports local strategic planning, local asset management planning and proper option appraisal.
- 3.8 The objectives of the Codes are to ensure that the capital expenditure plans of local authorities are affordable, prudent and sustainable and that treasury management decisions are taken in accordance with good professional practice and with a full understanding of the risks involved.
- 3.9 The Codes require authorities to look at capital expenditure and investment plans in the light of overall organisational strategy and resources and ensure that decisions are made with sufficient regard to the long term financing implications and potential risks to the authority.
- 3.10 The Codes set out that in order to demonstrate that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability, authorities should have in place a capital strategy. The capital strategy should set out the long term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.

Purpose and aims of this Capital Strategy

- 3.11 This capital strategy sets out how capital investment supports the delivery of the Council's objectives. It describes the main objectives for the Council over a four-year horizon.

Delivery of these objectives

- 3.12 This Capital Strategy has been drafted to support the delivery of the Council's core objectives.
- 3.13 The Council employs a number of different delivery strategies and these are described below. This document describes the funding streams available to the Council and used in the delivery of these objectives.
- 3.14 The component elements that comprise the capital programme are drawn from specific, detailed strategy documents, including, for example the Asset Investment Strategy and the Education Estates Strategy.
- 3.15 These elements are described in more detail below, including a description of the process whereby schemes are prioritised to ensure best fit to these corporate priorities as capital projects. Taken together these schemes make up the Council's capital investment programme.
- 3.16 The next section considers the resources available to the Council to deliver this capital programme.

Resources

3.17 The Council can call upon a range of resources to deliver its capital programme.

These resources include:

Borrowing;
Capital receipts;
Grant funding;
Planning obligations; and
Revenue.

There are also resources relating to the Housing Revenue Account which fall outside the scope of this Strategy.

- 3.17.1 **Borrowing.** The level of debt incurred by the Council is governed by the indicators set by the Prudential Code. The Code provides a framework to enable the Council to assess the affordability, sustainability and prudence of the level of borrowing. These links to the Code are detailed further below. Sources of debt include the Public Works Loans Board, who are the principal source of loans for the Council, commercial debt from banks and financial institutions, (this includes legacy so-called Lender Option Borrower Option loans, or LOBOs), the London Energy Efficiency Fund and the European Investment Bank.
- 3.17.2 The Public Works Loans Board, (the PWLB) is operated by the UK Debt Management Office (DMO) on behalf of HM Treasury and provides loans to local authorities, and other specified bodies, from the National Loans Fund, operating within a policy framework set by HM Treasury. The terms and arrangements for borrowing are determined by HM Treasury. Since 2004, under the prudential regime, local authorities are responsible for their own financial decision making. Recently, in response to local authorities using borrowing to fund investments in return for a yield, HM Treasury has announced targeted interventions which make some changes to the PWLB lending arrangements. Taking effect from 26th November 2020, these are:
- 3.17.3 As a condition of accessing the PWLB, local authorities will be asked to submit a high-level description of their capital spending and financing plans for the following three years, including their expected use of the PWLB to access debt.
- The PWLB will ask the S151 Officer to confirm that there is no intention to buy investment assets primarily for yield at any point in the next three years. This assessment is based on the finance director's professional interpretation of guidance issued alongside these lending terms.
 - The PWLB will not lend to a local authority that plans to buy investment assets primarily for yield anywhere in their capital plans, regardless of whether the transaction would notionally be financed from a source other than the PWLB.
 - When applying for a new loan, the local authority will be required to confirm that the plans they have submitted remain current and that the assurance that they do not intend to buy investment assets primarily for yield remains valid.
 - If HM Treasury has concerns that a loan may be used in a way that is incompatible with HM Treasury's own duties to ensure that public spending represents good value for money to the taxpayer, the department will contact the local authority to gain a fuller understanding of the situation. Should it transpire that a Local Authority has deliberately misused the PWLB, HM

Treasury has the option to suspend that LA's access to the PWLB, and in the most extreme cases, to require that loans be repaid. In practice such an eventuality is highly unlikely and would only occur after extensive discussion with the local authority in question. The PWLB will allow the authority to borrow to fund expenditure by Brick by Brick because this expenditure is defined as 'housing delivered through a local authority housing company' and is thus allowable.

- 3.17.4 **Developments in Respect of Borrowing from the PWLB:** The narrative below describes how borrowing has been applied to support these capital schemes. These programmes, the Revolving Investment Fund, the Growth Zone and the lending to housing development companies, have been scaled back. Borrowing is still being applied to other priority capital schemes that cannot be funded from external sources subject to a revenue appraisal as to the affordability of any borrowing prior to contractual commitments being entered into. Allowance needs to then be made in the revenue budget for repayment of capital and payment of interest. The policy regarding the repayment of principal sums (MRP) is discussed below in section 4.10. Since the publication of a Section 114 Notice and the application to central government for a Capitalisation Direction the conditions attached to the loan requested have changed. Although, at the time of writing, these have not been finalised, it would appear that significant and onerous stipulations may apply, including a 1% margin on the interest charged.
- 3.17.5 **Capital Receipts** are generated by the sale of an asset. Disposals of surplus assets in the property portfolio, typically generated by a rationalising of the estate, represent an important source of funding. Capital receipts can only be applied to fund capital investment, with the exception of the use of capital receipts to fund transformation expenditure, according to the principles set out in the MHCLG's Flexible Use of Capital Receipts guidance of March 2016.
- 3.17.6 **Grant funding** covers a range of funding sources. These might include grants from the Education and Skills Funding Agency; Education Basic Needs grants; Transport for London, NHS, and the Community Infrastructure Levy. Typically grants are specific and often have conditions associated with them which define the purposes for which they should be applied.
- 3.17.7 **Planning obligations**, Planning obligations under Section 106 of the Town and Country Planning Act 1990 (as amended), commonly known as s106 agreements, are a mechanism which makes a development proposal acceptable in planning terms, that would not otherwise be so. Typically they are negotiated as part of planning gain agreements. They are focused on site specific mitigation of the impact of development. S106 agreements are often referred to as 'developer contributions' along with highway contributions and the Community Infrastructure Levy, as mentioned above. They were introduced to allow local authorities to recover costs associated with private developments. These range from additional school places through to transport links.
- 3.17.8 **Revenue funding** can be applied but is rarely used to support capital investment.
- 3.18 Croydon has adopted a number of different approaches for delivering capital investment. These are described in more detail here.

The Revolving Investment Fund

- 3.18.1 The Revolving Investment Fund (RIF) was established through borrowing. It was the intention that loans will be acquired at rates comparable to the mark up on gilts applied by the Government's Debt Management Office. The RIF would lend on at commercial rates thus generating a margin. Debts would be repaid on completion of each individual project.

The RIF also acted as a funder to the Council's Housing Development Company Brick by Brick, enabling the development of homes in the Borough. The Council has commissioned a review of the RIF which was reported to the Cabinet in November 2020. No new investments other than a loan for working capital to Brick by Brick will be made in 2021/22.

Housing LLPs

- 3.18.2 The Council has also set up Housing Limited Liability Partnerships (LLPs) to increase the provision of affordable homes in the Borough. To enable the increase of the provision of affordable housing in the Borough, the Council, via wholly owned entities, has entered into three separate partnerships with a local charity to develop units across the Borough and acquire street properties as affordable rented homes. The LLPs are able to utilise the Council's retained right to buy receipts, which the Council is unable to use due to the limited resources in the Housing Revenue Account, with the Council acting as lender for the balance of the funds for the purchase of the leases and development of the sites. If the Council did not use the right to buy receipts in this manner, it would be obliged to repay them to Central Government with interest.
- 3.18.3 Croydon will retain a long term interest in the properties via the freehold of the sites or properties and receive an income stream to the General Fund from each LLP. This arrangement was also subject to review at the same time as the RIF (see above) and no new investments are proposed at present into this arrangements.

Growth Zone

- 3.18.4 The Growth Zone is a singular element of the capital programme. It is funded through growth in future business rates within the Zone; these are ring fenced for investment within the Zone. The growth in business rates from the Zone is ring-fenced separately from within the Council's Collection Fund, and will be used to repay debt. The Growth Zone strategy enables the Council to bid to access Public Works Loan Board Infrastructure rate borrowing at preferential rates. Similarly to the RIF and Croydon Affordable Homes the Growth Zone has been subject to review and expenditure will be substantially curtailed in 2021/2022.

Context – the strategy hierarchy

- 3.19 The capital programme comprises the capital schemes that contribute towards meeting the objectives described above. They are described in detail in the Asset Investment Strategy, Education Estates Strategy, the Brick by Brick business plan and other strategies and plans. A capital budget, setting out the forecast expenditure and capital funding, is presented elsewhere on this agenda.

- 3.20 The revenue impact of long-term borrowing is set out in the MRP Policy (attached as Appendix D and covered in section 4.10) and the Treasury Management Issues (discussed in section 4.8).
- 3.21 The MRP deals with different categories of assets in different ways, setting out how debt principal is repaid from contributions from revenue. The Treasury Management Strategy considers, amongst a number of issues, projections as to the cost of debt and issues around long-term affordability and sustainability.
- 3.22 Alongside and informing this Strategy is the MTFS which is part of the 2021/2022 Budget Report.
- 3.23 Capital projects are assessed and prioritised according to their fit within the strategic context described above. The Council will invest in programmes and projects in line with statutory and core functions with priority for funding being given to those schemes along with invest to save projects. The return on investment helps to prioritise some schemes. The MTFS assumes continuing maximum use of planning gain from the Community Infrastructure Levy and s106 planning obligations where possible to reduce borrowing requirements.

Risk appetite and governance processes for managing that risk

- 3.24 The MTFS is explicit in setting out the Council's appetite for risk. The Council has a significantly reduced risk appetite reflecting its current financial circumstances. The Council recognises that good financial management is key to delivering effective services and maintaining financial sustainability and control and needs to be embedded in everything it does. This has not previously been the case. The MTFS sets out the key strategic priorities for how the Council will manage the medium term budget position including the competing demands of service growth and the need to reduce expenditure to balance the revenue budget.

The Prudential Indicators

- 3.25 Good practice suggests that the Council reviews this Strategy annually to ensure it continues to reflect the needs and priorities of residents.
- 3.26 Prudential Indicators are set at the same time as the budget and reviewed mid-year and at the year-end. These indicators are set out in Appendix C.
- 3.27 Capital Expenditure is monitored on a quarterly basis and reported to Cabinet. Cabinet reports consider spend to date, forecasts for the year and subsequent periods and any adjustments required to the agreed budget. This robust level of scrutiny ensures the most efficient use of capital resources to support corporate objectives.

Request for Capitalisation directive

- 3.28 The Council has requested that the Government provide exceptional financial support to the Council. This will take the form, if granted, of a capitalisation direction. This direction, if issued, will in all probability be conditional. If these conditions require any amendments to existing policies such as that for MRP, then delegated authority will need to be given to the Section 151 officer to implement those changes to enable the Council to implement the directive and to report back to the next possible meeting of the cabinet and Council.

4. TREASURY MANAGEMENT STRATEGY FOR 2021/2022

- 4.1 The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.
- 4.2 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 4.3 The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.
- 4.4 Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day to day treasury management activities.
- 4.5 The Council defines its treasury management activities as:

“The management of the Council's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

- 4.6 The Council is required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of strategies and policies, and estimated and actual figures.
1. **The prudential and treasury indicators and treasury strategy (this report)** - The first, and most significant report covers:
 - the capital plans (including prudential indicators);
 - an MRP policy (how residual capital expenditure is charged to revenue over time);
 - the treasury management strategy (how the investments and borrowings are to be arranged) including treasury indicators; and
 - an investment strategy (the parameters for managing investments).
 2. **A mid-year treasury management report** – To update members with the progress of the capital position, amend prudential indicators as necessary,

and flag whether any policies require revision;

- 3 An annual treasury report** – This is a backward looking review document and provides details of the prudential and treasury indicators and treasury operations. The indicators are calculated on the basis of published outturn figures compared to the estimates within the Strategy.

4.7 The Strategy for 2021/22 covers these three main areas, capital, treasury management and the annual investment strategy:

Capital issues

- Capital expenditure plans and borrowing need and associated prudential indicators (paragraphs 4.8 and 4.9);
- The Minimum Revenue Provision (MRP) policy (paragraph 4.10).

Treasury management issues

- Current treasury position (paragraph 4.11);
- Borrowing strategy and borrowing requirement (paragraph 4.12);
- Treasury indicators which limit the treasury risk and activities of the Council (paragraph 4.13);
- Interest rate exposure and prospects for interest rates (paragraph 4.14) ;
- Borrowing strategy (paragraph 4.15);
- Policy on borrowing in advance of need (paragraph 4.16);
- Debt rescheduling and repayment (paragraph 4.17);
- Sources of finance (paragraph 4.18);

Annual Investment Strategy

- Investment policy (paragraph 4.19);
- Annual Investment Strategy (paragraph 4.20);
- Prudential Indicators (paragraph 4.21).

These three elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, MHCLG MRP Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance.

Training

4.7.1 The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. The training needs of treasury management officers are periodically reviewed. As required training can be offered for elected members to enable effective scrutiny and monitoring of treasury functions and costs.

Treasury management consultants

4.7.2 The Council uses Link Treasury Services Ltd (Link) as its external treasury management advisors. The Council recognises that responsibility for treasury management decisions remains with itself at all times and will ensure that undue reliance is not placed upon external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers. The Council also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their

appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review reflecting sound governance practices.

CAPITAL ISSUES

4.8 Capital Expenditure and Borrowing Need

4.8.1 The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

Capital expenditure

4.8.2 The Council has an extensive capital programme which includes funding for housing, highways, education, libraries, leisure and environmental schemes. These schemes include recurring key projects and programmes linked to the Council's statutory responsibilities and include the Highways Maintenance programme and the Education Estates Programme. In addition the programme includes recurring elements to ensure that the Council's infrastructure is repaired and maintained, which includes digital infrastructure, the corporate property programme and one – off elements linked to the Council's corporate priorities.

4.8.3 Members are asked to note the capital expenditure estimates summarised in the table below:

Table 1: Capital Expenditure

	2019/2020 Actual £m	2020/2021 Forecast £m	2021/2022 Estimate £m	2022/2023 Estimate £m	2023/2024 Estimate £m
General Fund services	116.7	85.6	62.0	28.2	18.4
Commercial activities and non-financial investments	63.7	0.0	0.0	0.0	0.0
HRA services	51.4	101.7	81.5	27.0	27.0
TOTAL	231.8	187.4	143.5	55.3	45.4
Capitalisation Direction	-	70.0	50.0	25.0	5.0

4.8.4 In addition to the total for each year included in this table, other long term liabilities, such as PFI and leasing arrangements require borrowing for the purpose of financing this spend. If awarded, the Capitalisation Direction will allow for certain items of revenue spend to be charged to Capital and this expenditure will be financed by borrowing from the PWLB.

4.8.5 The Council's financing need is funded from various capital and revenue resources plus borrowing as summarised below:

Table 2: Resources

	2019/2020 Actual £m	2020/2021 Forecast £m	2021/2022 Estimate £m	2022/2023 Estimate £m	2023/2024 Estimate £m
Capital receipts	19.0	-	-	-	-
Capital grants	25.2	29.1	14.5	6.7	5.9
S106 payments	0.6	5.0	0.8	-	-
S141 receipts		21.8	0.0	-	-
Community Infrastructure Levy	6.5	8.6	6.8	6.8	6.8
Revenue	10.0	5.8	-	-	-
Major Repairs Allowance	12.3	12.5	12.5	21.2	21.2
Borrowing	158.2	104.6	104.3	14.7	5.7
TOTAL	231.8	187.4	90.0	49.4	39.6
Capitalisation Direction	-	70.0	50.0	25.0	5.0

4.9 **The Council's borrowing need (Capital Financing Requirement)**

4.9.1 The Council's Capital Financing Requirement (CFR) is the total of historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness, effectively its underlying borrowing need. Any capital expenditure, which has not immediately been paid for, will increase the CFR. The CFR does not increase indefinitely, as the MRP is a statutory annual revenue charge which reduces the borrowing need in line with each asset's life. The CFR includes any other long term liabilities such as PFI schemes and finance leases. Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to borrow separately to deliver them.

4.9.2 The Council's estimated CFR is detailed in the table below:

Table 3: Estimated Capital Financing Requirement

	2019/2020 Actual £m	2020/2021 Forecast £m	2021/2022 Estimate £m	2022/2023 Estimate £m	2023/2024 Estimate £m
Capital expenditure	231.757	187.395	143.5	55.2	45.4
Less amount funded from resources	(73.544)	(82.8)	(17.881)	(10.314)	(6.029)
Gross In Year Borrowing Requirement (CFR)	158.213	104.595	59.554	50.570	26.322
Less In Year MRP for debt repayment.	(10.366)	(8.815)	(9.764)	(11.225)	(11.809)
In Year Borrowing Requirement (Net)	147.847	95.78	115.855	33.661	27.562
1. Loans repaid during year	258.814	269.000	110.000	36.500	5.000
2. Less loans taken up in-year	(414.500)				
3. Less reduction in investment balances (internal borrowing)					
In Year Borrowing Requirement outstanding	(7.816)	364.78	225.855	70.161	32.562

4.9.3 A key aspect of the regulatory and professional guidance is that elected members are aware of the size and scope of any commercial activity in relation to the authority's overall financial position. The capital expenditure figures shown above and the details above demonstrate the scope of this activity and, by approving these figures, consider the scale proportionate to the Authority's remaining activity.

Core funds and expected investment balances

4.9.4 The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year-end balances for each resource and anticipated day-to-day cash flow balances.

Table 4: Core Funds and Cash Balances

Year End Resources	2019/20	2020/21	2021/22	2022/23	2023/24
£m	Actual	Forecast	Estimate	Estimate	Estimate
General Fund balances / reserves	16.6	16.6	16.6	16.6	16.6
HRA balance	15.4	15.4	14.9	14.9	14.9
Capital receipts	19.0				
Capital Grants	25.2	29.1	14.5	6.7	5.8
Other	-		1.2	0.2	
Total core funds	76.2	61.1	47.2	38.4	37.3
Working capital*	(240.9)	(100.0)	(100.0)	(100.0)	(100.0)
Under/over borrowing**	17.8	9.2	(2.8)	(15.8)	(29.8)
Expected investments	37.7	40.0	40.0	40.0	40.0

*Working capital balances shown are estimated year-end; these may be higher mid-year

4.10 Minimum Revenue Provision

- 4.10.1 Minimum Revenue Provision (the MRP), which is often referred to as a provision for the repayment of debt, is a charge to revenue in relation to capital expenditure financed from borrowing or through credit arrangements.
- 4.10.2 Under Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, as amended, local authorities are required to charge MRP to their revenue account in each financial year. Before 2008, the 2003 Regulations contained details of the method that local authorities were required to use when calculating MRP. This has been replaced by the current Regulation 28 of the 2003 Regulations, which gives local authorities flexibility in how they calculate MRP, providing the calculation is 'prudent'. In calculating a prudent provision, local authorities are required to have regard to the statutory guidance issued by MHCLG. The latest version of the Guidance was issued on 2 February 2018 and is applicable for accounting periods starting on or after 1 April 2019.
- 4.10.3 The Guidance states that before the start of each financial year, the Council should prepare a statement of its policy on making MRP in respect of that financial year and submit it to full Council for approval.
- 4.10.4 Regulation 28 of the 2003 Regulations requires a local authority to calculate in each financial year an amount of MRP that it considers to be prudent. An underpinning principle of the local authority financial system is that all capital expenditure has to be financed either from capital receipts, capital grants (or other contributions) or, eventually, from revenue income. The broad aim of prudent provision is to require local authorities to put aside revenue over time to cover their CFR (Capital Funding Requirement). In doing so, local authorities should align the period over which they charge MRP to one that is commensurate with the period over which their capital expenditure provides benefits.
- 4.10.5 The Director of Finance, Investment and Risk (S151 Officer) is responsible for ensuring that accounting policies and the MRP Policy comply with the statutory Guidance in determining a prudent level of MRP.

4.10.6 The Treasury Annual Review for 2017/2018 was presented to the Council's General Purposes and Audit Committee on 10 October 2018 (Minute 24/17). At the meeting the Committee resolved that a revised MRP Statement be recommended for adoption at the next Council meeting to be held on 3 December 2018. The revised MRP Policy Statement for 2018/2019 was adopted by full Council on 3 December 2018 (Minute 47/18) and is attached at Appendix D. It was approved for 2019/20 by full Council on 4 March 2019 (Minute 20/17). The policy statement appended to this report as Appendix D places additional emphasis on the need to have robust risk assessment processes in place to ensure that an adequate provision is maintained, especially in those circumstances where loan repayments are anticipated. This revised policy is recommended for adoption for 2021/2022.

TREASURY MANAGEMENT ISSUES

The Current Treasury Position

4.11 The Council's Treasury position as at 31st December 2020 comprised:

Table 5: Borrowing as at 31 December 2020

		Principal £m	Average Rate %
Fixed Rate Funding	- PWLB ¹	907.426	3.29
	- Local Authorities ²	428.500	1.02
	- Amber Green LEEF 2LLP	8.575	1.68
	- European Investment Bank	102.000	2.20
Variable Rate Funding	- LOBO ³	20.000	4.20
Total External Debt as 31/12/2020		1,466.501	2.55
Debt repayment		0	
Estimated Debt as at 31/03/2021		1,466.501	2.55

1. PWLB is the Public Works Loan Board, the branch of Government that is the principle lender to local authorities. Included within this amount is the £223.1m borrowed for the HRA self-financing settlement made on 28/3/2012.

2. As an alternative to borrowing from the Government, local authorities have come to the market offering loans at competitive rates.

3. Lender's Option Borrower's Option (LOBOs) loans are commercial debts with options for the lender to vary the rate at pre-set intervals. If the option is exercised, then the Council can either accept the new rate or repay the loan with no penalty.

4.11.2 The Council's debt maturity profile is included in **Appendix A**.

Table 6: Temporary Investments as at 31 December 2020

	Principal £m	Average Rate %
Temporary investments outstanding as at 31/12/2020	80.000	0.75
Estimated temporary investments outstanding as at 31/03/2021	40.000	0.75

4.12 The Borrowing Strategy and Borrowing Requirement

4.12.1 The Council's capital expenditure plans are set out in Section 4.8 and referenced by the Capital Strategy Statement. The treasury management function ensures that the Council's cash is managed in accordance with the relevant professional codes, as issued by CIPFA and MHCLG, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

4.12.2 The Council's treasury portfolio position at 31 March 2020 and forward projections are summarised below. The table shows the actual external debt against the CFR, highlighting any over or under borrowing.

Table 7: Borrowing and the Capital Financing Requirement

	2019/2020 Actual £m	2020/2021 Forecast £m	2021/2022 Estimate £m	2022/2023 Estimate £m	2023/2024 Estimate £m
Debt at 1 April	1,278.822	1,445.001	1,538.532	1,591.686	1,635.656
Expected change in debt	166.179	93.531	53.154	43.970	19.722
Other long term liabilities	78.291	75.821	75.821	75.821	75.821
Expected change in other long term liabilities	(2.470)				
Actual gross debt at 31 March	1,520.822	1,614.353	1,667.507	1,711.477	1,731.199
CFR	1,538.213	1,623.591	1,664.745	1,695.715	1,701.437
Under/ (over) borrowing	17.391	9.238	(2.762)	(15.762)	(29.762)

Note: this calculation does not allow for the impact of internal borrowing which has the effect of reducing real borrowing (see Table 3, above).

Within the above figures the level of debt relating to commercial activities / non-financial investment is:

Table 8: Debt relating to commercial activities / non-financial investment

	2019/2020 Actual	2020/2021 Forecast	2021/2022 Estimate	2022/2023 Estimate	2023/2024 Estimate
Debt at 1 April (£m)	291.92	297.63	297.63	297.63	297.63
Percentage of total external debt (%)	19.2%	18.4%	19.8%	17.4%	17.2%

4.12.3 Within the prudential regime there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2020/2021 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

4.12.4 The Director of Finance, Investment and Risk (S151 Officer) reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

4.13 Treasury Indicators: limits to borrowing activity

4.13.1 Section 3 of the Local Government Act 2003 requires the Council to set limits and to keep under review how much it can afford to borrow. The amounts so determined are to be set on a rolling basis, for the forthcoming financial year and two successive financial years.

4.13.2 **Operational boundary for external debt.** This is the limit which external debt is not normally expected to exceed. It reflects the Council's expectations according to probable events.

Table 9: Operational boundary

	2019/2020 Actual £m	2020/2021 Forecast £m	2021/2022 Estimate £m	2022/2023 Estimate £m
Debt	1,520.822	1,614.353	1,667.507	1,711.477
Other long term liabilities	75.821	75.821	75.821	75.821
Commercial activities / non-financial investments	291.92	297.63	297.63	297.63
TOTAL	1,888.563	1,987.804	2,040.958	2,084.928

4.13.3 **Authorised limit for external debt.** Another key prudential indicator represents a control on the maximum level of borrowing. This indicator presents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which could be afforded in the short term, but is not sustainable in the longer term.

4.13.4 The Cabinet is asked to recommend to Full Council that it should approve the following authorised limit:

Table 10: Authorised limit

	2019/2020 Actual £m	2020/2021 Forecast £m	2021/2022 Estimate £m	2022/2023 Estimate £m
Debt	1,570.822	1,664.353	1,717.507	1,761.477
Other long term liabilities	75.821	75.821	75.821	75.821
Commercial activities / non-financial investments	291.92	297.63	297.63	297.63
TOTAL	1,938.563	2,037.804	2,090.958	2,134.928

4.14 Interest Rate Exposure and Prospects for Interest Rates

4.14.1 The Council manages its exposure to interest rate risk by borrowing the majority of its funding requirements at fixed rates over a range of durations. This limits the impact on the Council's ability to cover interest costs when interest rates are rising. The Council is also looking into securing borrowing using forward agreements to limit exposure to future increases in interest over the short term. This is a significant tool for managing interest rate exposure risk. Part of the service provided by Link is to assist the Council to formulate a view on interest rates. The following table gives their current view.

Table 12: Interest Rate Forecast March 2021 to March 2024

Link Group Interest Rate View		9.11.20				(The Capital Economics forecasts were done 11.11.20)								
These Link forecasts have been amended for the reduction in PWLB margins by 1.0% from 26.11.20														
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	
BANK RATE	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	
3 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	
6 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	
12 month ave earnings	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	
5 yr PWLB	0.80	0.80	0.80	0.80	0.90	0.90	0.90	0.90	0.90	1.00	1.00	1.00	1.00	
10 yr PWLB	1.10	1.10	1.10	1.10	1.20	1.20	1.20	1.20	1.20	1.30	1.30	1.30	1.30	
25 yr PWLB	1.50	1.60	1.60	1.60	1.60	1.70	1.70	1.70	1.70	1.80	1.80	1.80	1.80	
50 yr PWLB	1.30	1.40	1.40	1.40	1.40	1.50	1.50	1.50	1.50	1.60	1.60	1.60	1.60	
Bank Rate														
Link	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	
Capital Economics	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	-	-	-	-	-	
5yr PWLB Rate														
Link	0.80	0.80	0.80	0.80	0.90	0.90	0.90	0.90	0.90	1.00	1.00	1.00	1.00	
Capital Economics	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	-	-	-	-	-	
10yr PWLB Rate														
Link	1.10	1.10	1.10	1.10	1.20	1.20	1.20	1.20	1.20	1.30	1.30	1.30	1.30	
Capital Economics	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	-	-	-	-	-	
25yr PWLB Rate														
Link	1.50	1.60	1.60	1.60	1.60	1.70	1.70	1.70	1.70	1.80	1.80	1.80	1.80	
Capital Economics	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	-	-	-	-	-	
50yr PWLB Rate														
Link	1.30	1.40	1.40	1.40	1.40	1.50	1.50	1.50	1.50	1.60	1.60	1.60	1.60	
Capital Economics	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	-	-	-	-	-	

4.14.2 Link advise that the PWLB rates above are based on the new margins over gilts announced on 26th November 2020. The PWLB forecasts take into account the 20 basis point certainty rate reduction effective as of the 1st November 2012. Link further advise that these forecasts remain current as at 5 January 2021.

4.14.3 Commentary on these interest rate forecasts has been provided by Link in **Appendix E**.

4.15 Borrowing strategy

4.15.1 The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (CFR) has not been fully funded with borrowing as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent when investment returns are low but counterparty risk, such as a bank failing or borrower defaulting, is still an issue that needs to be considered. Against this background and the risks within economic forecasts officers will be cautious when undertaking 2021/2022 treasury operations. The Director of Finance, Investment and Risk (S151 Officer) will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- if it was felt that there was a significant risk of a sharp fall in borrowing rates then borrowing will be postponed;
- if it was felt that there was a significant risk of a much sharper rise in borrowing rates than that currently forecast, perhaps arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio

position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

4.15.2 Any decisions will be reported to Cabinet at the next available opportunity.

4.16 Policy on borrowing in advance of need

4.16.1 The Council will not borrow more than, or in advance of, its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved CFR estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

4.17 Debt rescheduling and repayment

4.17.1 The reasons for any debt rescheduling to take place, that is to say, early repayment of debt and, or, substitution with other loans, will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

4.17.2 However, rescheduling is not likely to occur at present because the Public Works Loan Board rates act as a disincentive. Nevertheless, should circumstances change, any rescheduling will be reported to Cabinet, at the earliest meeting following its action.

4.18 Sources of finance

4.18.1 The Council's main source of finance has traditionally been borrowing from the Public Works Loan Board (PWLB) where funds can be borrowed for up to 50 years at both fixed and variable rates. The Council has qualified for borrowing from the PWLB at the 'certainty rate' which is the prevailing PWLB interest rate on the date of borrowing less a discount of 0.20%. This discounted rate applies for funding of capital schemes through prudential borrowing and for the refinancing of maturing long term debt.

4.18.2 The PWLB has recently increased their margin over gilt yields to control the level of borrowing. This will now be reversed so rates still remain low and the certainty rate will continue to be used as a benchmark. To mitigate against any future issues the Council continues to attempt to source cheaper alternatives to the PWLB. The Council currently uses other UK local authorities willing to offer loans up to 5 years and the European Investment Bank, both of which provide financing below the PWLB certainty rate. The Council has also found and will make use of commercial lenders willing to lend at competitive rates and continues to look at options such as local authority bonds and the Municipal Bond Agency. In order to reduce the risk that loans will mature when interest rates are peaking, debt is taken on in tranches that mature over a spread of years. New loans will be taken to fit into gaps in the Authority's existing debt maturity profile.

4.18.3 In the Autumn Budget 2017, the government announced that it would make available £1bn of lending at the Local Infrastructure Rate of gilts + 60bps to English local authorities. Following the announcement local authorities were asked to apply

to HM Treasury to access funds at this reduced borrowing rate. Two bidding rounds were introduced running from 1 May 2018 to 31 July 2018 and 1 January 2019 to 31 March 2019. Up to £500m was made available in each bidding round, with a maximum of £100m available for any one local authority. The Council successfully submitted a bid and was granted access to borrowing of £43m for specific Growth Zone projects.

- 4.18.4 The most significant risk that the Treasury team manage is that relating to dependence on the PWLB for debt. The Government has shown itself willing to manipulate local authorities by moving interest rates offered to local authorities. The Government has also declared itself prepared to shut off the supply of debt if local authorities take policy decision that are at odds with the Government's policy. HM Treasury may reach the statutory limit on lending to local authorities or the Government might seek to impose a limit. The introduction of new processes will inevitably make the process of applying for loans more cumbersome and time consuming so that deals might well be not as advantageous as they might be because the market may move in the intervening period of time. Almost certainly this represents a liquidity issue and may well require the authority to hold greater cash reserves. If any of these events occur the outcome might be reputational damage to the authority and hence dearer debt or difficulties securing debt.

ANNUAL INVESTMENT STRATEGY

4.19 Investment policy

- 4.19.1 The Council's investment policy has regard to the MHCLG Guidance on Local Government Investments, the CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017(Treasury Management Code) and the CIPFA Treasury Management Guidance Notes 2018. Whilst MHCLG and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments this section of the report deals solely with financial investments as managed by the treasury management team. Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy.
- 4.19.2 The Council's investment priorities will be security first, liquidity second, then return. In accordance with the above guidance from the MHCLG and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk.
- 4.19.3 The key ratings used to monitor counterparties are the Short-Term and Long-Term ratings.
- 4.19.4 Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro- and macro-basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings. Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

- 4.19.5 Investment instruments identified for use in the financial year are summarised in paragraph 4.20 with further detail provided in **Appendix B** under the 'specified' and 'non-specified' investments categories. Specified investments are those with a high level of credit quality and subject to a maturity limit of one year whilst non-specified investments are of less high credit quality and may be used for periods in excess of one year.
- 4.19.6 The Council may wish, from time to time, to take advantage of financial derivative instruments in order better to manage risks, such as exposure to interest rate movements. Local authorities, including the Council, have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. Lender Option Borrower Option [or LOBO] loans). However, previous legislation was understood to prevent the use of such tools where they were not embedded in other instruments. The Localism Act 2011 includes a general power of competence that removes the uncertain legal position over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment). The latest CIPFA Treasury Management Code requires local authorities to clearly detail their policy on the use of derivatives in their annual strategy.
- 4.19.7 The Council will only use financial derivatives (such as swaps, forwards, futures and options) either on a standalone, or embedded basis, where it can be clearly demonstrated that as part of the prudent management of the Council's financial affairs the use of financial derivatives will have the effect of reducing the level of financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. This will be determined in liaison with the Council's external advisors. Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit if applicable.
- 4.19.8 At all times the Council will comply with CIPFA advice and guidance on the use of financial derivatives and have regard to CIPFA publications on risk management.

4.20 **Annual Investment Strategy**

- 4.20.1 From time to time, under Section 15 (1) of the Local Government Act 2003 the Secretary of State issues statutory guidance on local government investments to which local authorities are required to "have regard."
- 4.20.2 The current guidance defines investments as "Specified" and "Non-specified".
- 4.20.3 An investment is a specified investment if all of the following apply:
- the investment and any associated payments or repayments are denominated in sterling;
 - the investment has a maximum maturity of one year;
 - the investment is not defined as capital expenditure; and
 - the investment is made with a body or in an investment scheme described as high quality or with the UK Government, a UK local authority or a parish or community council.

- 4.20.4 A non-specified investment is any investment that does not meet all the conditions in paragraph 4.17.3 above.
- 4.20.5 The Council's criteria for the selection of counterparties for investments are based on formal credit ratings issued by Fitch Ratings and supplemented by additional market data such as rating outlooks, the pricing of credit default swaps (CDs) and bank share prices. In addition to the Fitch rated institutions all UK local authorities and some public bodies comprise the Council's Approved Lending List.
- 4.20.6 Each week, the Council, along with other clients, receives from Link Group a "Suggested Credit List." This is accompanied by a disclaimer reminding recipients, inter alia, as follows:

This document is intended for the use and assistance of customers of Link Asset Services. It should not be regarded as a substitute for the exercise by the recipient of its own judgement.

- 4.20.7 Notwithstanding this and other similar clauses Link are the largest suppliers of treasury management advisory services to UK local authorities and understand the market well. In their analysis they take into account the views of each of the three major credit ratings agencies along with the pricing of credit default swaps and market intelligence. They are better placed than Council officers to carry out this analysis and the Council has adopted the following lending list criteria:

Specified investments

AAA rated money market funds - limit £20m
Debt Management Office – no limit
Royal Bank of Scotland* – limit £25m
Duration of up to one year.

*Royal Bank of Scotland is included as a specified investment since it is the Council's banker and the UK Government holds a majority stake.

Non-specified investments

All institutions included on Link's weekly "Suggested Credit List" – limit £10m
All UK local authorities – limit £10m
Duration to be determined by the "Suggested Credit List" from Link

- 4.20.8 As at 31st December 2020, short-term (1-3 months) investment interest rates were between 0.70% and 0.80% with longer term (up to 1 year) rates between 0.95% and 1.10%. Investments will be made to take advantage of higher yields and to hedge against future decreases in bank rates. Daily liquidity requirements will be met by investing in AAA-rated MMFs. As investment rates are influenced throughout the year by the release of key items of data, there may be occasions when some investments will be pitched towards specific periods to take advantage of any unexpected higher rates resulting from data issued.
- 4.20.9 Based on cashflow forecasts for 2021/2022 the Council anticipates its average daily cash balances for the year to be £70m which includes new borrowing of £270m due to be borrowed during the year. The overall balances include schools balances and HRA revenue balances for which an apportionment of interest

earned is made. The net income then due to the General Fund is estimated at £0.525m.

4.21 Prudential Indicators

4.21.1 The Prudential Indicators for 2021/2022 to 2023/2024 are attached in Appendix C in accordance with the Code.

4.21.2 The Director of Finance, Investment and Risk (S151 Officer) is responsible for setting up and monitoring the Prudential Indicators in accordance with the Council's Capital Strategy.

4.21.3 The Council is also required to confirm that it has adopted the CIPFA Code of Practice on Treasury Management.

4.21.4 The Prudential Indicators set will be monitored throughout the year and will be reported to Cabinet on a regular basis.

4.21.5 The indicators break down into four blocks relating to capital expenditure; the affordability of the investment programme; debt; and treasury management as follows:

1. The capital investment indicators reflect the Council's future plans to undertake capital works, and the extent to which these will be funded through borrowing. (**See Appendix C**).
2. Apart from borrowing that is directly supported by government grant funding, the cost of new prudential borrowing to the Council will be £74 per Band D council taxpayer in 2020/2021. This Prudential Indicator reflects the impact of funding decisions relating to capital investment. The Code specifically indicates that it is not appropriate to compare this indicator with those of other authorities.
3. The external debt indicators illustrate the calculation of the authorised borrowing limit.
4. The treasury indicators show that the Council will limit its exposure to variable rate debt to no more than 20% of total debt and will only invest up to 30% of the total investments for periods in excess of one year, for reasons of limiting exposure to risk and guaranteeing adequate liquidity. The final indicator sets a profile for the maturing of new debt.

5 CONSULTATION

5.1 Full consultation in respect of the contents of this report has taken place with the Council's treasury management advisors, Link, in preparing this report.

6 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

6.1 Revenue and Capital consequences of this report are dealt with within this report. There are no additional financial considerations other than those identified in this report.

The effect of the decision

Approval to this report will ensure that the Council meets both its legal and financial management requirements in respect of Treasury Management.

6.2 Risks

There are no further risks issues other than those already detailed in this report.

6.3 Options

These are fully dealt with in this report.

6.4 Future savings/efficiencies

This report sets out the Treasury Management Strategy and identifies that new loans will only be undertaken if affordable in revenue terms debt restructuring will only be undertaken on advice from our treasury management advisors.

Approved by: Chris Buss, Director of Finance, Investment and Risk (S151 Officer)

7 LEGAL CONSIDERATIONS

7.1 The Head of Litigation and Corporate Law comments on behalf of the Director of Law and Governance that the recommendations within this report are reserved matters for decision by Full Council. The legal implications are set out under the various sections within the report but in particular these include the requirement for the Council to produce a balanced budget of which the various strategies and limits detailed within this report form a part.

7.2 Furthermore, the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (as amended) made pursuant to the Local Government Act 2003 requires the Council to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities ("The Prudential Code"). Regulations 23 and 24 provide respectively that capital receipts may only be used for specified purposes and that in carrying out its capital finance functions, a local authority must have regard to the code of practice in "Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (2017 Edition)" ("The Treasury Code") issued by CIPFA.

7.3 In relation to the Annual investment strategy, the Council is required to have regard to the Guidance is issued by the Secretary of State under section 15(1)(a) of the Local Government Act 2003 entitled "Statutory guidance on Local Government Investments 3rd Edition" which is applicable from and effective for financial years commencing on or after 1 April 2018.

7.4 In addition, two codes of practice issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) contain investment guidance which complements the Ministry of Housing Communities and Local Government (MHCLG) guidance. These publications are:

- Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes

- The Prudential Code for Capital Finance in Local Authorities

7.5 Local authorities are required to have regard to the current editions of the CIPFA codes by regulations 2 and 24 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended.

7.6 The requirement for a Capital Strategy Statement stems from the provisions of the Prudential Code which was most recently updated in December 2017. The Prudential Code requires authorities to look at capital expenditure and investment plans in the light of overall organisational strategy and resources and ensure that decisions are made with sufficient regard to the long run financing implications and potential risks to the authority. The Prudential Code sets out that in order to demonstrate that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability, authorities should have in place a capital strategy.

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

8 HUMAN RESOURCES IMPACT

8.1 There are no immediate Human Resources considerations arising from this report. If there are subsequent proposals that may affect the workforce as a result of the Treasury management strategy, consultation and planning must be in line with HR policies and procedures and HR advice must be sought.

Approved by: Sue Moorman Director of Human Resources

9 EQUALITIES IMPACT

9.1 The Council's Capital and Revenue Budget 2021/2022 is not subject to an equality impact assessment. However, in those areas where the setting of the capital and revenue budget result in new policies or policy change, then it is the responsibility of the relevant service department to carry out an equality impact assessment which evaluates how the new or changed policy will impact on groups that share a protected characteristic, including disabled people. The impact assessment includes consultation with people with disabilities and user-led disabled people organisations.

Approved by: Yvonne Okiyo, Equalities Manager

10 ENVIRONMENTAL IMPACT

10.1 There are no Environment and Design impacts arising from this report.

11 CRIME AND DISORDER REDUCTION IMPACT

11.1 There are no Crime and Disorder reduction impacts arising from this report.

12 REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

12.1 The recommendations proposed are in accordance with the Treasury Management in the Public Services Code of Practice 2017 Edition and the Prudential Code for Capital Finance in Local Authorities 2017.

13 OPTIONS CONSIDERED AND REJECTED

13.1 Consideration and evaluation of alternative options are dealt with within this report.

14 DATA PROTECTION IMPLICATIONS

14.1 **WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF "PERSONAL DATA."**

No

14.2 **HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?**

No

CONTACT OFFICER:

Nigel Cook, Head of Pensions and Treasury
Ext 62552

APPENDICES:

Appendix A: Long-term debt profile
Appendix B: Specified and non-specified investments
Appendix C: Prudential Indicators
Appendix D: Minimum Revenue Provision Policy
Appendix E: Commentary on Interest Rate Forecasts

BACKGROUND DOCUMENTS:

None

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LOCAL GOVERNMENT INVESTMENTS (ENGLAND)
SPECIFIED AND NON-SPECIFIED INVESTMENTS

- a. **Specified Investments** - Where there is a change in the current investment policy this is specifically noted. All investments shall consist of investments under one year as follows:
- Debt Management Agency Deposits Facility (DMADF) which is currently available for investments up to six months.
 - Term deposits with the UK Government or with UK local authorities (i.e. local authorities as defined under Section 23 of the 2003 Act) with maturities up to one year.
 - Term deposits with credit - rated deposit takers (banks and building societies) including callable deposits, with maturities up to one year.
 - Certificate of Deposits issued by credit - rated deposit takers (banks and building societies) up to one year.
 - AAA rated Money Market Funds (i.e. a collective investment scheme as defined in SI. 2004 No 534).
 - Bonds issued by multinational development banks (as defined in SI 2004 No 534) with maturities under 12 months. The Council currently does not invest in this type of investment. It is recommended, however, that these can now be used and held until maturity, after consulting and taking advice from the treasury management consultants.
 - Enhanced AAA rated Money Market Funds. These funds differ from traditional AAA Money Market Funds in that they take more interest rate risk by managing portfolios with a longer weighted average maturity period. They may also take greater credit risk by holding assets with lower credit ratings and / or have a longer weighted average life. Depending on whether the fund is UK or US administered, it would be rated by only one of the rating agencies. Hence, although the minimum requirement is an AAA rating, the rating need only be given by one of the agencies. Typically these funds are designed to produce an enhanced return and this requires the fund manager to take more risk (whether credit, interest rate or liquidity) than the traditional AAA Money Market Funds. The Council currently does not invest in this type of fund. It is recommended, however, that these can now be considered, after consulting and taking advice from the treasury management consultants subject to the same criteria as other investments.
 - UK Government Gilts. These are bonds issued by the UK Government representing a very low credit risk with options to sell in the secondary market.

- UK Government Treasury Bills which are debt instruments issued by the Government's Debt Management Office through weekly auctions. The bills are issued with maturities of one, three and six months.
- b. **Non-Specified investments** - Local authorities now have specific powers to invest for periods in excess of one year. Previously such investments were not permissible, except in respect of the Council's Pension Fund (where specific legislation exists). It is recommended that these shall consist of:
 - Term deposits with credit - rated deposit takers (banks and building societies) with maturities greater than one year. As a general rule they cannot be traded or repaid prior to maturity. The risk with these is that interest rates could rise after making the investment and there is also the potential that there could be a deterioration of the credit risk over a longer period. It is recommended, therefore, that the use of this investment is limited to a maximum of five years following advice from the Council's treasury management advisers.
 - Term Deposits with UK local authorities. This investment represents intra-authority loans i.e. from one local authority to another for the purpose of cash-flow management. The risk with these is that interest rates could rise after making the investment and it is therefore recommended that the use of this investment is limited to a maximum of five years following advice from the Council's treasury management advisers. This risk is common to all term deposits whether with local authorities or other counterparties.
 - Certificate of Deposits (C.D.) issued by credit - rated deposit takers (banks and building societies) with maturities greater than one year. With these investments there is a market or interest risk. Yield is subject to movement during the life of the CD, which could negatively impact on the price of the CD if traded early. It is recommended, therefore, that the use of this investment is limited to a maximum of five years and sold on maturity following advice from the Council's treasury management advisers.
 - Callable deposits with credit rated deposit takers (banks and building societies) with maturities greater than one year. These have the potential of higher return than using a term deposit with a similar maturity. The risk is that only the borrower has the right to pay back the deposit, the lender does not have a similar call, as although the term is fixed only the borrower has the option to repay early. There is, therefore, no guarantee that the loan will continue to its maturity. The interest rate risk is that the borrower is unlikely to pay back the deposit earlier than the maturity date if interest rates rise after the deposit is made.
 - Forward deposits with credit rated banks and building societies for periods greater than one year (i.e. negotiated deal period plus period of deposit). The advantage of the investment is that there is a known rate of return

over the period the monies are invested which aids forward planning. The credit risk is that if the credit rating falls or interest rate rise in the interim period the deposit period cannot be changed. It is recommended, therefore, that the use of this investment is limited to a maximum of five years following advice from the Council's treasury management advisers.

- Bonds issued by multilateral development banks (as defined by SI. 2004 No 534). These have an excellent credit quality and are relatively liquid. If they are held to maturity there is a known yield, which would be higher than that on comparable gilts.
- If traded, there could be a potential for capital gain or loss through appreciation or depreciation in value. The market or interest risk is that the yield is subject to movement during the life of the bond, which could impact on the price of the bond, i.e. if sold prior to redemption date. Given the potential for loss any investment would need to be based on the principle that they would be bought and held until maturity. It is recommended, therefore, that the use of this investment is limited to a maximum of five years following advice from the Council's treasury management advisers.
- Enhanced Money Market Funds. These funds differ from traditional AAA Money Market Funds in that they take more interest rate risk by managing portfolios with a longer weighted average maturity period. They may also take greater credit risk by holding assets with lower credit ratings and / or have a longer weighted average life. Depending on whether the fund is UK or US administered, it would be rated by only one of the rating agencies. Hence, although the minimum requirement is an AAA rating, the rating need only be given by one of the agencies. Typically these funds are designed to produce an enhanced return and this requires the fund manager to take more risk (whether credit, interest rate or liquidity) than the traditional AAA Money Market Funds. The Council currently does not invest in this type of fund. It is recommended, however, that these can now be considered, after consulting and taking advice from the treasury management consultants subject to the same criteria as other investments.
- UK Government Gilts. These are bonds issued by the UK Government representing a very low credit risk with options to sell in the secondary market. If held to maturity there is a known yield but if traded there could be a potential for capital gain or loss through appreciation or depreciation in value. Given the potential for loss, any investment would need to be based on the principle that UK government gilts would be bought and held until maturity. It is recommended, therefore, that the use of this investment is limited to a maximum of five years following advice from the Council's treasury management advisers. If held to maturity, these bonds represent the nearest to a risk-free investment.
- Property Funds. Property funds can provide stable returns in terms of fixed period rents, whether commercial or industrial rentals. Property

funds can be regulated or unregulated. An investment in share or loan capital issued by a regulated property fund is not treated as capital expenditure but an investment in an unregulated fund would count as capital expenditure. Given the nature of the property sector, a longer-term time horizon will need to be considered for this type of investment. The Council currently has invested in one property fund; the Real Lettings Property Fund Limited Partnership – see 3.5.13. It is recommended, however, that any future investments in property funds should only be considered, after consulting and taking advice from the treasury management consultants.

- Floating Rate Notes (FRNs). These are typically longer term bonds issued by banks and other financial institutions which pay interest at fixed intervals. The floating rate nature of these instruments reduces the exposure to interest rate risk as the interest rate is re-fixed at the beginning of every interest rate period. The option to redeem before maturity is available through the secondary market. It is recommended that investments in FRNs be restricted to those issued by institutions on the Council's authorised lending list, after consulting and taking advice from the treasury management consultants.
- Corporate Bonds are issued by corporate institutions for example General Electric, Vodafone etc. They offer local authorities an alternative to the usual financial institutions. For Corporate Bonds, the minimum credit rating criteria of AA- should apply to fit within the Council's investment parameters. It is recommended that the use of this type of investment can now be considered, after consulting and taking advice from the treasury management consultants.
- Covered Bonds. These are a type of secured bond that is usually backed by mortgages or public sector loans. An important feature of covered bonds is that investors have dual recourse, both to the issuer and to the underlying pool of assets. It is recommended that the use of this investment can now be considered, after consulting and taking advice from the treasury management consultants.
- Investment in equity of any company wholly owned by Croydon Council.

PRUDENTIAL INDICATORS FOR 2019/20 – 2022/2023

PRUDENTIAL INDICATORS	2019/20 Forecast Outturn £m	2020/21 Forecast £m	2021/22 Forecast £m	2022/23 Forecast £m
1. Prudential Indicators for Capital Expenditure				
1.1. Capital Expenditure				
- General Fund	116.7	85.6	62.0	28.2
- Commercial activities/ non financial investments	63.7			
- HRA	51.4	101.7	81.5	29.0
Total	231.8	187.3	143.5	57.2
1.2. In year Capital Financing Requirement				
- General Fund - gross of MRP costs	141.786	50.52	53.154	43.970
- HRA	16.427	54.075	21.209	21.209
Total	158.213	104.595	59.554	65.179
1.3. Capital Financing Requirement as at 31 st March – balance sheet figures				
- General Fund (net of MRP costs)	1,199.689	1,216.029	1,257.183	1,288.153
- HRA -	338.924	407.562	407.562	407.562
Total	1,538.213	1,623.591	1,664.745	1,695.715
2. Prudential Indicators for Long Term External Debt				
2.1. Debt brought forward 1 st April	1,278.822	1,445.001	1,538.532	1,591.686
Debt carried forward 31 st March (Includes the £223.1m debt for the HRA self- financing settlement sum).	1,520.822	1,614.353	1,667.507	1,711.477
Additional Borrowing	242.0	169.352	128.975	119.791

PRUDENTIAL INDICATORS	2019/20 Forecast Outturn £m	2020/21 Forecast £m	2021/22 Forecast £m	2022/23 Forecast £m
2.2. Operational boundary for external debt (excludes revenue borrowing) Borrowing	1,445.001	1,538.532	1,591.686	1,635.656
Other long term liabilities	75.821	75.821	75.821	75.821
2.3. Total operational debt (excludes revenue borrowing)	1,520.822	1,614.353	1,987.804	2,040.958
Add margin for cash flow contingency	50.000	50.000	50.000	50.000
Authorised Borrowing Limit	1,570.822	1,664.353	2,037.804	2,090.958
3. Prudential Indicators for Treasury Management				
3.1. Lending limits - upper limit for total principal sums invested for over 365 days expressed as a % of total investments	30%	30%	30%	30%
3.2. Maturity structure of new fixed rate borrowing, if taken, during 2020/21	Lower limit		Upper limit	
- Under 12 months		0		20%
- 12 months to 24 months		0		20%
- 24 months to 5 years		0		30%
- 5 years to 10 years		0		30%
- 10 years and above		0		100%

MINIMUM REVENUE PROVISION POLICY STATEMENT FOR 2021/2022

1. Regulation 28 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [SI 2003/3146, as amended] states that:

“a local authority shall determine for the current financial year an amount of minimum revenue provision which it considers to be prudent”.
2. The regulations provide authorities discretion in deciding their annual amount of Minimum Revenue Provision (hereafter MRP). Statute (S.21 (1)(A) of LGA 2003) requires authorities to “have regard” to the MRP Guidance and the recommendations within it.
3. Regulation 28 does not define prudent provision, the MRP guidance issued by MHCLG makes recommendations on the interpretation of that term. Within this guidance it is acknowledged that while four methodologies are available to authorities, other approaches are not meant to be ruled out, provided they are fully consistent with the statutory duty to make prudent revenue provision. Therefore it is recognised that in some cases a more individually designed MRP approach is justified, taking into account local circumstances.
4. The Council has given regard to Guidance issued by the Secretary of State under Section 21(1A) of the Local Government Act 2003 which was revised on 2 February 2018.
5. The Council’s MRP Policy Statement for 2021/2022 is to be as follows:
6. For the proportion relating to historic debt (incurred up to 31 March 2008) and to Government-supported capital expenditure incurred since, the MRP policy will be to adopt Option 1 - the Regulatory Method by providing a fixed amount each financial year, calculated at 2% of the balance at 31 March 2015, reducing on a straight line basis so that the whole debt is repaid after 50 years.
7. For unsupported borrowing undertaken since 1 April 2008, reflected within the CFR debt liability at 31 March 2021, the MRP policy will be to adopt Option 3 – Asset Life Method – Annuity method from the Guidance. Estimated life periods will continue to be determined under delegated powers. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the Guidance, these periods will generally be adopted by the Council. However, the Council reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the Guidance would not be appropriate.
8. As some types of capital expenditure incurred by the Council are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period

of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.

9. Where schemes are not fully completed at the end of the financial year, MRP charges will be deferred until the schemes are complete and the assets are operational.
10. MRP on Public Finance Initiative (PFI) schemes debt is to be charged on an annuity basis over the remaining life of each scheme.
11. The Council retains the right to undertake additional voluntary payments if required (Voluntary Revenue Provision – VRP).
12. There may be circumstances when the Council may not make a provision for the repayment of the debt liability. In such circumstances where the authority has had regard to the guidance and chooses an alternative approach, the authority will set out the reasons in support to demonstrate it is satisfied that the arrangement is prudent
13. Where the Council has provided loan(s) to a third party to support capital expenditure which is due to be repaid in full under the terms of the contractual agreements, the loan repayments are classed as a capital receipt. Any principal sum repaid will be set aside to reduce the increase in the CFR which relates to any such loan(s) provided.
14. In circumstances where the Council has previously determined not to set aside a provision to repay the debt liability, an annual review will be undertaken to determine if the amount and timing of any loan repayment remains in accordance with the formal loan agreement. Where there is evidence which suggests that the full amount will not be repaid, it would be prudent to reassess the need to commence MRP to recover the impaired amounts from revenue. This will be reviewed on an annual basis to assess the likelihood of default. If required, a prudent MRP policy will commence, following a stringent risk assessment process.
15. The Council holds commercial property as part of its Investment Property Portfolio. The assets are held solely for investment purposes and are managed on a fully commercial basis. The Council has the ability to sell the assets to repay any outstanding debt liabilities related to their purchase, there is still a need to consider if a prudent provision is required. As above, following a stringent risk assessment a contribution to the MRP may be necessary. The market value of the assets will be reviewed on a regular basis and if the asset value significantly decreases, a prudent MRP contribution will be made.
16. The Council holds an investment in the Real Lettings Property Fund LP under a 7-year life arrangement which is due to be returned in full at

maturity with interest paid on outstanding balances annually. The investment is treated as capital expenditure with the Council's CFR increasing by this amount. At maturity, the funds returned to the Council will be treated as a capital receipt and the CFR will reduce accordingly. The investment is relatively short-term in duration and the funds are to be returned in full. Therefore the Council has assessed the need to set aside a prudent provision to repay the debt liability in the interim period, and determined no MRP provision is required at this time.

17. Loans borrowed from Amber Green LEEF 2LLP, an alternative source to fund energy efficiency and carbon reduction schemes at certain educational institutions within the Borough will be recovered in full from these institutions. As such, the Council has determined there is no need to set aside prudent provision to repay the debt liability in the interim period, and therefore no MRP application is required.

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COMMENTARY ON PROSPECTS FOR INTEREST RATES PROVIDED BY LINK ASSET SERVICES, JANUARY 2021

The Council has appointed Link as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. Link provided the following forecasts on 11.8.20. However, following the conclusion of the review of PWLB margins over gilt yields on 25.11.20, all forecasts below have been reduced by 1%. These are forecasts for certainty rates, gilt yields plus 80bps:

Link Group Interest Rate View		9.11.20											
These Link forecasts have been amended for the reduction in PWLB margins by 1.0% from 26.11.20													
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
6 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
12 month ave earnings	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
5 yr PWLB	0.80	0.80	0.80	0.80	0.90	0.90	0.90	0.90	0.90	1.00	1.00	1.00	1.00
10 yr PWLB	1.10	1.10	1.10	1.10	1.20	1.20	1.20	1.20	1.20	1.30	1.30	1.30	1.30
25 yr PWLB	1.50	1.60	1.60	1.60	1.60	1.70	1.70	1.70	1.70	1.80	1.80	1.80	1.80
50 yr PWLB	1.30	1.40	1.40	1.40	1.40	1.50	1.50	1.50	1.50	1.60	1.60	1.60	1.60

The coronavirus outbreak has done huge economic damage to the UK and economies around the world. After the Bank of England took emergency action in March to cut Bank Rate to first 0.25%, and then to 0.10%, it left Bank Rate unchanged at its subsequent meetings to 16th December, although some forecasters had suggested that a cut into negative territory could happen. However, the Governor of the Bank of England has made it clear that he currently thinks that such a move would do more damage than good and that more quantitative easing is the favoured tool if further action becomes necessary. As shown in the forecast table above, no increase in Bank Rate is expected in the near-term as economic recovery is expected to be only gradual and, therefore, prolonged. These forecasts were based on an assumption that a Brexit trade deal would be agreed by 31.12.20: as this has now occurred, these forecasts do not need to be revised.

Gilt yields / PWLB rates

There was much speculation during the second half of 2019 that bond markets were in a bubble which was driving bond prices up and yields down to historically very low levels. The context for that was a heightened expectation that the US could have been heading for a recession in 2020. In addition, there were growing expectations of a downturn in world economic growth, especially due to fears around the impact of the trade war between the US and China, together with inflation generally at low levels in most countries and expected to remain subdued. Combined, these conditions were conducive to very low bond yields. While inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers. This means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc.

The consequence of this has been the gradual lowering of the overall level of interest rates and bond yields in financial markets over the last 30 years. Over the year prior to the coronavirus crisis, this has seen many bond yields up to 10 years turn negative in the Eurozone. In addition, there has, at times, been an inversion of bond yields in the US whereby 10 year yields have fallen below shorter term yields. In the past, this has been a precursor of a recession. The other side of this coin is that bond prices are elevated as investors would be expected to be moving out of riskier assets i.e. shares, in anticipation of a downturn in corporate earnings and so selling out of equities.

Gilt yields had, therefore, already been on a generally falling trend up until the coronavirus crisis hit western economies during March 2020. After gilt yields spiked up in March, we have subsequently seen these yields fall sharply to unprecedented lows as investors panicked during March in selling shares in anticipation of impending recessions in western economies, and moved cash into safe haven assets i.e. government bonds. However, major western central banks took rapid action to deal with excessive stress in financial markets during March, and started massive quantitative easing purchases of government bonds: this also acted to put downward pressure on government bond yields at a time when there has been a huge and quick expansion of government expenditure financed by issuing government bonds. Such unprecedented levels of issuance in “normal” times would have caused bond yields to rise sharply. Gilt yields and PWLB rates have been at remarkably low rates so far during 2020/21.

As the interest forecast table for PWLB certainty rates above shows, there is expected to be little upward movement in PWLB rates over the next two years as it will take economies, including the UK, a prolonged period to recover all the momentum they have lost in the sharp recession caused during the coronavirus shut down period. From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geopolitical, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment, (as shown on 9th November when the first results of a successful COVID-19 vaccine trial were announced). Such volatility could occur at any time during the forecast period.

Investment and borrowing rates

- **Investment returns** are likely to remain exceptionally low during 2021/22 with little increase in the following two years.
- **Borrowing interest rates** fell to historically very low rates as a result of the COVID crisis and the quantitative easing operations of the Bank of England: indeed, gilt yields up to six years were negative during most of the first half of 2020/21. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years. The unexpected increase of 100 bps in PWLB rates on top of the then current margin over gilt yields of 80 bps in October 2019, required an initial major rethink of local authority treasury management strategy and risk management. However, in March 2020, the Government started a consultation process for reviewing the margins over gilt rates for PWLB borrowing for different types of local authority capital expenditure. It also introduced the following rates for borrowing for different types of capital expenditure: -
 - **PWLB Standard Rate** is gilt plus 200 basis points (G+200bps)
 - **PWLB Certainty Rate** is gilt plus 180 basis points (G+180bps)
 - **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)
 - **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)
 - **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

- As a consequence of these increases in margins, many local authorities decided to refrain from PWLB borrowing unless it was for HRA or local infrastructure financing, until such time as the review of margins was concluded.
- On 25.11.20, the Chancellor announced the conclusion to the review of margins over gilt yields for PWLB rates; the standard and certainty margins were reduced by 1% but a prohibition was introduced to deny access to borrowing from the PWLB for any local authority which had purchase of assets for yield in its three-year capital programme. The new margins over gilt yields are as follows: -
 - **PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)
 - **PWLB Certainty Rate** is gilt plus 80 basis points (G+80bps)
 - **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)
 - **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)
 - **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)
- **Borrowing for capital expenditure.** As Link's long-term forecast for Bank Rate is 2.00%, and all PWLB rates are under 2.00%, there is now value in borrowing from the PWLB for all types of capital expenditure for all maturity periods, especially as current rates are at historic lows. The Council will assess its risk appetite in conjunction with budgetary pressures to reduce total interest costs. Although short-term interest rates are cheapest, longer-term borrowing could also be undertaken for the purpose of certainty, where that is desirable, or for flattening the profile of a heavily unbalanced maturity profile..
- While this authority will not be able to avoid borrowing to finance new capital expenditure, to replace maturing debt and the rundown of reserves, there will be a *cost of carry*, (the difference between higher borrowing costs and lower investment returns), to any new borrowing that causes a temporary increase in cash balances.

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For General Release

REPORT TO:	CABINET 18 February 2021
SUBJECT:	Rent-Setting Policy for Council Homes
LEAD OFFICER:	Guy Van Dichele, Executive Director Health, Wellbeing and Adults Ozay Ali Interim Director for Homes and Social Investment Yvonne Murray, Director of Housing Solutions
CABINET MEMBER:	Councillor Jane Avis, Cabinet Member for Homes and Gateway Services
WARDS:	All
CORPORATE PRIORITY/POLICY CONTEXT The policy proposed in this report aligns with the priority commitments in the Croydon Renewal Improvement Plan to <ul style="list-style-type: none">○ live within our means, balance the books and provide value for money for our residents; and○ focus on providing the best quality core service we can afford. The policy proposed fits with the intention set out in the Croydon Renewal Improvement Plan to ensure our systems, processes and controls are fit for purpose, and by clarifying the rent-setting process within the Housing Revenue Account we are contributing towards the Council's intention to become more transparent, open and honest.	
FINANCIAL IMPACT None.	
FORWARD PLAN KEY DECISION REFERENCE NO.: This is not a key decision	

The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below

1. RECOMMENDATIONS

The Cabinet is recommended to

- 1.1 Review the Rent-Setting Policy for Council Homes Within the Housing Revenue Account ("The Policy"), appendix 1 hereto and as detailed within the report and recommend to Full Council the adoption of this policy in accordance with Article 4.02 of Part 2 of the Constitution.

2. EXECUTIVE SUMMARY

- 2.1 This report introduces the proposed Rent-Setting Policy for properties within the Council's Housing Revenue Account (HRA). This proposed policy aims to clarify and codify existing practice within the Council's Housing department, and seeks to ensure compliance with recent Government Policy and directives from the Regulator for Social Housing (RSH). Failure to set rents correctly would put the Council at risk of non-compliance with rent and data quality requirements as set out by the RSH, and impact on our ability to maximise income, putting the services we provide to our residents at risk.
- 2.2 The Council's Constitution requires that all 'Plans, Policies and Strategies which together make up the Housing Strategy' are approved by Full Council. Cabinet approved the commencement of research and preparation of a new Housing and Homelessness Strategy for Croydon in October 2019, but work on this Strategy has been put on hold due to the impact of the coronavirus pandemic and deployment of relevant staff to other priority duties. The proposed Rent-Setting Policy will form part of the relevant plans, policies and strategies which together make up the Housing Strategy and will supplement and support the Croydon's Housing and Homelessness Strategy when it is implemented.
- 2.3 Each year, the Council reviews and sets rents for homes within the HRA and must issue a statutory notice to notify tenants of any proposed change in the rent they will pay, in accordance with legislation. The proposed policy outlines how the Council will calculate rent for the social rent homes that it owns within the HRA, and provides a clear framework for setting rents for any new properties that are developed or acquired.
- 2.4 The proposed Rent-Setting Policy does not create any financial impact for the HRA or the Council's General Fund. The Policy reflects financial assumptions that have been and will continue to be included as a baseline in the Council's HRA Business Plan.

3. LEGAL AND REGULATORY FRAMEWORK

- 3.1 The affordability of rents is one of the fundamental benefits of social housing and setting social housing rents in line with legislation and Government policy is an essential requirement for a Registered Provider (RP) such as the Council.
- 3.2 The [Direction on the Rent Standard 2019](#) ("The Direction") was issued by the Secretary of State in February 2019 and required the RSH to comply with the Policy Statement on Rents.
- 3.3 The [Policy Statement on Rents for Social Housing](#) (the Policy Statement), was published by the Ministry of Housing, Communities & Local Government (MHCLG) in February 2019 and sets out the Government's policy on rents for social housing to which the RSH must have regard in setting the Rent Standard and to which the Council must similarly have regard to the Policy Statement as the Rent Standard itself must require registered providers, such as the Council

to comply with the rules about the levels of rent set as required by paragraphs 7 and 8 of the Direction.

- 3.4 The RSH's published regulatory standards set out the outcomes that RPs are expected to achieve - they are set out in a regulatory framework and are classified as either 'economic' or 'consumer' standards. The revised [Rent Standard](#), (an economic standard) was introduced by the RSH in April 2020, and applies to all RP and Local Authority low-cost rental accommodation. Registered providers and the Council must comply in full with all the requirements and expectations set out in the Rent Standard. They must additionally comply with all the requirements and expectations of the Rent Policy Statement on the setting, increase and decrease of rents and service charges. It allows rents to be increased annually up to the Consumer Price Index (CPI) measure of inflation, plus 1%, in accordance with the Policy Statement and the Governments directive to the RSH. CPI is based on the September of the previous year.
- 3.5 As a Landlord, the Council is obliged to comply with the contractual arrangements detailed in its tenancy agreements which specify initial rental charges and the mechanism for staging rental changes in accordance with Sections 13 and 14 of the Housing Acts 1988 (Assured Tenancies) and Housing Act 1985 (Secure Tenancies).
- 3.6 The Welfare Reform and Work Act 2016 required RPs to reduce social housing rents by 1% per year for four years from 2016/17 (the 'social rent reduction'). This legislative requirement has now been replaced as directed by Government, as reflected in the Rent Standard.
- 3.7 [Setting rents for social housing – addendum to the Sector Risk Profile 2019](#) was issued by the RSH in March 2020 to supplement the [2019 Sector Risk Profile](#) report and sets out what the sector can expect with regard to the regulation of rent requirements in future.

4. PURPOSE AND SCOPE

- 4.1 The Council is committed to providing rented housing at genuinely affordable rents. The policy aims to assist in setting rent for homes which are owned and managed by the Council within the Housing Revenue Account and is proposed to be reviewed every five years or prior to that to ensure compliance with the latest legal and regulatory requirements.
- 4.2 The Policy aims to ensure current and future rents are set at levels which maintain the financial viability of the HRA, allow continual service improvement, are fair and affordable for all residents, and are compliant with statutory and regulatory requirements. For homes where rents can increase, this will take place every April.
- 4.3 The Policy, if approved and adopted, will apply to 13,422 homes which are currently within the Council's HRA, and any new homes purchased by or developed within the HRA.

- 4.4 The Policy does not provide information or guidance regarding rents for other uses such as garages, parking spaces or caravan plots. The Policy does not provide information or guidance regarding service charges.
- 4.5 Any changes to rent levels will be communicated to residents clearly and in a timely fashion. Any rent increases will be explained to tenants in full and support will be provided to address any concerns or questions that they may have.

5. RENT POLICY BACKGROUND

- 5.1 Since 2001, the majority of rented social housing properties have been let at Social Rents, calculated using a formula set by Government that included assessment of the relative property value, relative local earnings and a weighting for the number of bedrooms. This formula-based approach was intended to ensure that similar social rents were charged for similar properties within a local area. The property valuation used to initially set the rent must be appraised in accordance with the Royal Institute of Chartered Surveyors (RICS) 'Red Book' methodology.
- 5.2 In 2011, the government introduced the new 'Affordable Rent' tenure which allows rents (inclusive of service charges) to be set at up to 80% of market rent levels. The introduction of Affordable Rent was intended to improve the viability of social housing organisations and encourage the development of new homes. The Council has previously developed/purchased 95 new homes for Affordable Rent, but hasn't converted any existing Social Rented properties to Affordable Rent. No further conversions from existing Social Rent homes to Affordable Rent tenure are allowed under the current regulatory regime. The existing 95 Affordable Rent homes have rents set at 65% of Local Housing Allowance (LHA). LHA is the maximum amount of housing benefit available for a property of that size (in terms of bedroom numbers) in Croydon.
- 5.3 The Welfare Reform and Work Act 2016 introduced a new rent regime for social landlords from 1 April 2016. The Act introduced a 1% rent reduction for existing tenants in social and affordable housing for four years from 2016. This was intended to help reduce national welfare spending, and reduce costs for tenants paying all or part of their rent.
- 5.4 In October 2017, the government announced a new rent policy for a period of least five years, replacing the previous legislative requirements. The new Rent Standard allows yearly increases of up to CPI plus 1% for Social and Affordable Rent properties from April 2020. This took effect for Croydon Council HRA homes from April 2020.
- 5.5 The current GLA Affordable Housing Programme (2016-21) allows for the development of new homes funded by the GLA for letting at or below London Affordable Rent (LAR) levels (the benchmark values as set out at 6.4 below). The next GLA Affordable Housing Programme (2021-2026) removes this tenure, and the GLA are proposing to only fund the development of new homes for Social Rent (along with the intermediate products London Living Rent and Shared Ownership).

6. SETTING RENTS

- 6.1 In accordance with the Rent Standard, it is proposed that existing Social Housing rents will increase by CPI plus 1% every April. For 2020/21, this increase will be 1.5%. All tenants are entitled to four weeks notice of a change to their rent.
- 6.2 At present, the Council charges rents for 50 weeks of every year, so it is proposed that the Policy provide that all annual rent figures are calculated to pro-rata in this way.
- 6.3 General needs Social Rent levels are restricted by a Rent Cap set out in the Policy Statement to ensure affordability. Where a formula rent would be higher than the rent cap for a particular size of property, then the capped rent level must be used instead. In accordance with the Rent Standard the rent caps are increased each April by CPI (at September of the previous year) plus 1.5%. When a property that has been subject to the rent cap is re-let and the formula rent remains above the rent cap, the rent can be reset at the rent cap level, which will have increased each year by CPI +1.5%, rather than CPI +1%.
- 6.4 It is proposed that homes currently being developed by Brick by Brick and intended to be acquired for the HRA (which have GLA funding in place from the 2016-21 Affordable Homes Programme) be let at LAR benchmark levels in order to ensure these schemes are viable for the Council (further details of the Brick by Brick programme are included in a separate Cabinet paper also being considered in February 2021). The LAR benchmark rents are set out in the [GLA Affordable Homes Programme Capital Funding Guide \(2016-21\)](#). The table below sets out the current LAR benchmark levels.

Bedrooms	LAR 2020-21 per week
Bedsits, Studios & 1	£157.46
2	£166.70
3	£175.97
4	£185.23
5	£194.48
6	£203.74

- 6.5 In future where possible new general needs homes acquired by or developed for the HRA will be for Social Rent, and have rents set in line with the national formula as set out in the Policy Statement. It is proposed that the current property value will be assessed by an independent valuer following the RICS 'red book' guidance and the Council's rent-setting team will use the Nationwide House Price Index Calculator to index back to an equivalent property value in 1999, for use in the Social Rent setting formula. The year 1999 local earnings data for use in the Social Rent formula is provided by the Office for National Statistics 1997-99 New Earnings Survey, updated to 1999 prices.

7. RENT COMPARISON – EXAMPLE

- 7.1 As an example to illustrate the differences in rent levels the table below demonstrates the difference in monthly rent levels between Social Rent and London Affordable Rent for new build one, two and three bedroom properties in New Addington (at 2020/21 rent levels). The table also shows the monthly Local Housing Allowance (LHA) rate, and the percentage of LHA taken by LAR for the three different sizes of home. LHA is the maximum amount of housing benefit available for a property of that size (in terms of bedroom numbers) in Croydon. Finally the table illustrates a comparison between the proposed LAR levels and average local market rents (as provided by home.co.uk).

Number of Bedrooms	Property Value	Social Rent (per month)	London Affordable Rent (per month)	Local Housing Allowance (per month)	LAR as % of LHA	LAR as % of average local market rent
1	£295,000	£459.51	£682.33	£872.60	78%	73%
2	£340,000	£518.14	£722.37	£1096.98	66%	54%
3	£410,000	£590.85	£762.54	£1371.24	56%	43%

- 7.2 The table below demonstrates the impact of the 1.5% inflationary increase that is due in 2021/22 to both Social Rents and London Affordable Rents for these same example homes.

Number of Bedrooms	Social Rent (per month) 2020/21	Social Rent (per month) 2021/22	London Affordable Rent (per month) 2020/21	London Affordable Rent (per month) 2021/22
1	£459.51	£466.40	£682.33	£692.56
2	£518.14	£525.91	£722.37	£733.21
3	£590.85	£599.71	£762.54	£773.98

8. MONITORING AND IMPLEMENTATION

- 8.1 Rent levels and service charges will be monitored and compared across the areas where the Council holds housing stock. A summary of these charges will be reported in the annual HRA budget report submitted to Croydon's Tenant and Leaseholder Panel for review.
- 8.2 Assessment of the Council's overall HRA rental portfolio and its viability is undertaken by the Council's external consultants managing the HRA Business Plan (currently Savills). This is reported to full council annually.
- 8.3 The Housing Business Systems team will oversee the operational delivery of the proposed Policy, with rent-setting for individual properties undertaken by the Housing Income Control Manager.

8.4 Rents will be reported through the annual regulatory Statistical Data Return submission to the RSH.

9. CONSULTATION

9.1 No consultation is required on this policy as it is simply codifying existing practice and ensuring compliance with rent-setting procedures as set out by the RSH and national policy. There will be no changes to the terms and conditions of existing council tenancies, and no impact for council tenants.

10. PRE-DECISION SCRUTINY

10.1 Pre-decision scrutiny is not required as this is a non-executive decision. The proposed Policy is being presented to an informal session of the Streets, Homes and Environment Scrutiny Sub-Committee on 1st February, and any notes from that meeting will be included in the final version of this paper prepared for Cabinet.

11. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

11.1 Revenue and Capital consequences of report recommendations

	Current year	Medium Term Financial Strategy – 3 year forecast		
	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000
Revenue Budget available				
Expenditure				
Income	-74,139	-75,250	-76,380	-78,688
Effect of decision from report				
Expenditure				
Income				
Remaining budget	<u>-74,139</u>	<u>-75,250</u>	<u>-76,380</u>	<u>-78,688</u>

11.2 The effect of the decision

This paper sets out the practices as regards rent setting currently operating and no financial impact is expected from the decision that they be recommended as Council policy

11.3 Risks

The primary risk in setting rents within the Housing Revenue Account is ensuring that relevant legislation, policy and guidance is followed. Setting rent at too low a level would not allow the Council to manage and maintain its own assets effectively and rents that are too high would challenge affordability for social tenants.

11.4 Options

The options available to Croydon are to maximize rents (as this policy sets out) or to charge less. Charging less would challenge the ability of the HRA to meet inflationary pressures, particularly at a time when building inflation is significantly higher than CPI+1% and additional fire safety requirements are on the horizon.

11.5 Future savings/efficiencies

The policy should be kept up-to-date in line with relevant legislation, policy and guidance.

Approved by Matthew Davis, Deputy S151 Officer, Finance Investment and Risk

12. LEGAL CONSIDERATIONS

- 12.1 The Head of Litigation and Corporate Law comments on behalf of the Interim Director of Law and Governance that there are no additional direct legal implications beyond those set out in the body of the report. The purpose of the policy is to ensure compliance with legal and regulatory requirements on the Council.

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

13. HUMAN RESOURCES IMPACT

- 13.1 There are no direct Human Resources considerations arising from this report.

Approved by: Sue Moorman, Director of Human Resources

14. EQUALITIES IMPACT

- 14.1 An Equalities Analysis has not been undertaken for this proposed Policy as it is not making any change to the Council's existing processes and practice, and is intended to ensure compliance with Government policy and the standards of the Regulator for Social Housing.

Approved by: Yvonne Okiyo, Equalities Manager

15. ENVIRONMENTAL IMPACT

- 15.1 There is no environmental impact from the Policy proposed.

16. CRIME AND DISORDER REDUCTION IMPACT

- 16.1 There are no implications of the Policy proposed in relation to reduction/prevention of crime and disorder.

17. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 17.1 The formalising of rent-setting practice for the Council's social rent homes within the Housing Revenue Account is wise to ensure compliance with Government Policy and the requirements of the Regulator for Social Housing. Failure to set rents correctly would put the Council at risk of non-compliance with rent and data quality requirements as set out by the RSH, and impact on our ability to maximise income, putting the services we provide to our residents at risk. We would otherwise be at risk of breaching contract for non-compliance with the requirements of existing tenancy agreements, and impair the ability of the council to recover rents, were they not set correctly.

18. OPTIONS CONSIDERED AND REJECTED

- 18.1 The Council could continue to operate without the rent-setting policy formalised for social rent homes within the HRA, and processes as they currently stand are satisfactory. However, this approach would not ensure full transparency and clarity of processes and procedures in order to adhere to the requirements of the Regulator and the national legislative and policy framework, and was rejected for this reason.

19. DATA PROTECTION IMPLICATIONS

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

NO

- 19.2 **HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?**

NO

A DPIA has not been completed, because the Policy proposed does not involve or relate to the processing of any personal data.

Approved by Ozay Ali, Interim Director of Homes and Social Investment

CONTACT OFFICER:

Caroline Toogood, Head of Strategic Projects
(Growth and Housing),
caroline.toogood@croydon.gov.uk

APPENDICES: Appendix 1 – Policy for Rent-Setting for Council Homes within the Housing Revenue Account

BACKGROUND DOCUMENTS: None

POLICY FOR RENT-SETTING FOR COUNCIL HOMES WITHIN THE HOUSING REVENUE ACCOUNT

Adopted on: / /2021

To be reviewed at a minum every 5 years, or when appropriate as required.

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1. Aims and objectives

- 1.1 This policy is designed to set out Croydon Council's (LBC) approach to rent-setting across its rented homes, within the Housing Revenue Account (HRA). LBC will ensure that it meets the requirements set out in the revised Rent Standard, which was issued by the Regulator of Social Housing (RSH) as directed by the Government and came into effect on 1 April 2020. We must ensure that we understand and follow the requirements of the RSH Rent Standard while ensuring affordability for our tenants and maximising income.
- 1.2 Failure to set rents correctly would put LBC at risk of non-compliance with rent and data quality requirements as set out by the RSH, and impact on our ability recover rents and to maximise income, putting the services we provide to our residents at risk. We could also be at risk of breach of contract for non-compliance with the requirements of existing tenancy agreements.

2. References

- 2.1 The [Direction on the Rent Standard 2019](#) ("the Direction") was issued by the Secretary of State in February 2019 and required the RSH to comply with the Policy Statement on Rents.
- 2.2 The [Policy Statement on Rents for Social Housing](#) ("the Policy Statement"), was published by the Ministry of Housing, Communities & Local Government (MHCLG) in February 2019 and sets out the Government's policy on rents for social housing.
- 2.3 The [Rent Standard](#), introduced by the RSH in April 2020, applies to all RP and Local Authority low-cost social rental accommodation. It allows rents to be increased annually up to the Consumer Price Index (CPI) measure of inflation, plus 1%. CPI is based on the September of the previous year.
- 2.4 [Setting rents for social housing – addendum to the Sector Risk Profile 2019](#) was issued by the RSH in March 2020 to supplement the [2019 Sector Risk Profile](#) report and sets out what the sector can expect with regard to the regulation of rent requirements in future.

3. Purpose and scope

- 3.1 LBC is committed to providing rented housing at genuinely affordable rents. This policy aims to assist in setting rent for Social Rent properties which are owned and managed by LBC within the Council's Housing Revenue Account and will normally be reviewed every five years to ensure compliance with the latest legal and regulatory requirements, or amended if appropriate.
- 3.2 This Policy aims to ensure current and future rents are set at levels which maintain the financial viability of the HRA, allow continual service improvement, are fair and affordable for all residents, and are compliant with statutory and

regulatory requirements. For homes where rents can increase, this will take annually every April.

- 3.3 This policy applies to 13,422 homes currently within the Council's HRA, and any new homes purchased by or developed within the HRA for Social Rent or London Affordable Rent (see definitions below).
- 3.4 This policy does not provide information or guidance regarding rents for other uses such as garages, parking spaces or caravan plots, and it does not provide information or guidance regarding service charges.
- 3.5 Any changes to rent levels will be communicated to residents clearly and in a timely fashion. Any rent increases will be explained to tenants in full and support will be provided to address any concerns or questions that they may have.

4. Legal and Regulatory Framework

- 4.1 The affordability of rents is one of the fundamental benefits of social housing and setting social housing rents in line with legislation and Government policy is an essential requirement for a Registered Provider (RP) such as the Council.
- 4.2 The RSH's published regulatory standards set out the outcomes that RPs are expected to achieve - they are set out in a regulatory framework and are classified as either 'economic' or 'consumer' standards. The revised Rent Standard, (which is an economic standard) came into effect on 1 April 2020.
- 4.3 The Rent Standard requires that RPs charge rents in accordance with the Government's direction to the RSH, and in accordance with the Government's Policy Statement on Rents for Social Housing. The key elements of compliance with the Rent Standard include:
 - 2020 limit on rents
 - Guidance on social rents
 - Guidance on affordable rents
 - Specific expectations
 - Moving between types of rent
- 4.4 As a Landlord, LBC is obliged to comply with the contractual arrangements detailed in its tenancy and leasehold agreements which specify initial rental charges and the mechanism for staging rental changes in accordance with Sections 13 and 14 of the Housing Acts 1988 (Assured Tenancies) and Housing Act 1985 (Secure Tenancies).
- 4.5 The Welfare Reform and Work Act 2016 required RPs to reduce social housing rents by 1% per year for four years from 2016/17 (the 'social rent reduction'). This legislative requirement has now been replaced as directed by Government, as reflected in the new Rent Standard published in line with the MHCLG Policy Statement.

5. Definitions

- 5.1 **Social housing** is low cost rental accommodation as defined in section 69 of the Housing and Regeneration Act 2008. Social housing is let at a **Social Rent**, (also often known as formula rent or target rent) which is based on a calculation derived from 'formula' set by government and is substantially lower than equivalent market rent (exclusive of service charges), or at an **Affordable Rent** which is set at up to 80% of the equivalent local market rent, and is inclusive of service charges. Properties are not permitted to be converted to another rent type, even on re-let.
- 5.2 **Formula Rent** (Social Rent) is calculated by using 30% of the property's relative value (based back to 1999), 70% of the relative local income levels (based back to 1999) and applying a weighting based on the number of bedrooms so that smaller properties will have lower rents. Information on how to apply the calculations is set out in the Policy Statement.
- 5.3 **Affordable Rent** can only be charged where a property has been provided under an agreed housing supply delivery agreement between the Council and the GLA, or an agreement between the Council and the Secretary of State. Existing Affordable Rent homes within the Council's HRA have rents set at a level no more than 65% of the Local Housing Allowance (LHA) level (inclusive of service charges). No Affordable Rent can be set higher than the Local Housing Allowance (LHA) which is the maximum amount of housing benefit available for a property of that size (in terms of bedroom numbers) in Croydon.
- 5.4 **London Affordable Rent** (LAR) is a rental product specific to the London area governed by the Greater London Authority, with rents set at lower than typical Affordable Rent levels but higher than typical Croydon Social Rents, capped at 'benchmark' formula rent cap levels. More detail on LAR levels is provided in the GLA's [Affordable Housing Programme Funding Guidance](#). LAR is viewed by the GLA as an Affordable Rent product for legal and regulatory purposes.
- 5.5 **Rent Flexibility Level** allows RPs to have some discretion over the Social Rent set for individual properties, taking into account local factors. This allows RPs to set rents at up to 5% above formula rent (10% for supported housing) if there is clear rationale for doing so.

6 Rent Policy Background

- 6.1 Since 2001, the majority of rented social housing properties have been let at Social Rents, calculated using a formula set by Government that included assessment of the relative property value, relative local earnings and a weighting for the number of bedrooms (see appendix A). This formula-based approach was intended to ensure that similar social rents were charged for similar properties within a local area. The property valuation used to initially set the rent must be appraised in accordance with the Royal Institute of Chartered Surveyors (RICS) 'Red Book' methodology.
- 6.2 In 2011, the government introduced the new 'Affordable Rent' tenure which allows rents (inclusive of service charges) to be set at up to 80% of market rent levels. The introduction of Affordable Rent was intended to improve the viability

of social housing organisations and encourage the development of new homes. The Council has previously developed/purchased 95 new homes for Affordable Rent, but hasn't converted any existing Social Rented properties to Affordable Rent. No further conversions from existing Social Rent homes to Affordable Rent tenure are allowed under the current regulatory regime.

- 6.3 The Welfare Reform and Work Act 2016 introduced a new rent regime for social landlords from 1 April 2016. The Act introduced a 1% rent reduction for existing tenants in social and affordable housing for four years from 2016. This was intended to help reduce national welfare spending, and reduce costs for tenants paying all or part of their rent.
- 6.4 In October 2017, the government announced a new rent policy for a period of least five years, replacing the previous legislative requirements. The new Rent Standard allows yearly increases of up to CPI plus 1% for Social and Affordable Rent properties from April 2020. This took effect for Croydon Council HRA homes from April 2020.
- 6.5 The current GLA Affordable Housing Programme (2016-21) allows for the development of new homes funded by the GLA for letting at or below LAR levels (the benchmark values as described above). The next GLA Affordable Housing Programme (2021-2026) removes this tenure, and the GLA are proposing to only fund the development of new homes for Social Rent (along with the intermediate products London Living Rent and Shared Ownership).

7. Setting rents

- 7.1 Existing Social Housing rents will increase by CPI plus 1% every April. All tenants are entitled to four weeks' notice of a change to their rent. The council charges rent for 50 weeks of the year, so all rent figures will be calculated correctly to ensure the annual figures are appropriately presented pro-rata.
- 7.2 Council homes will have their rent level re-valued and updated whenever they become void, prior to re-letting. Occasional rent corrections will be made where the Council's rent-setting team identify errors in rent calculations, and tenants will be informed with appropriate notice.
- 7.3 General needs Social Rent levels are restricted by a Rent Cap set out in the Policy Statement to ensure affordability. Where a formula rent would be higher than the rent cap for a particular size of property, then the capped rent level must be used instead. The rent caps are increased each April by CPI (at September of the previous year) plus 1.5%. When a property that has been subject to the rent cap is re-let and the formula rent remains above the rent cap, the rent can be reset at the rent cap level, which will have increased each year by CPI +1.5%, rather than CPI +1%.
- 7.4 The LAR benchmark rents are set out in the [GLA Affordable Homes Programme Capital Funding Guide \(2016-21\)](#). The table below sets out the current LAR benchmark levels.

Bedrooms	LAR 2020-21 per week
Bedsits, Studios & 1	£157.46
2	£166.70
3	£175.97
4	£185.23
5	£194.48
6	£203.74

- 7.5 New general needs homes acquired by or developed for the HRA for Social Rent will have rents set in line with the national formula as set out in the Policy Statement. The current property value will be assessed by an independent valuer following the RICS 'red book' guidance and the Council's rent-setting team will use the Nationwide House Price Index Calculator to index back to an equivalent property value in 1999, for use in the Social Rent setting formula. The year 1999 local earnings data for use in the Social Rent formula is provided by the Office for National Statistics 1997-99 New Earnings Survey, uprated to 1999 price.
- 7.6 See appendix A for guidance regarding the process for setting formula rents, uprating to 1999 values and rent caps.
- 8. Equality & Diversity**
- 8.1 This policy will be implemented in accordance with LBC's existing Equality and Diversity Policies.
- 9. Monitoring and Implementation**
- 9.1 Rent levels and service charges will be monitored and compared across the areas where the Council holds housing stock. A summary of these charges will be reported in the annual HRA budget report submitted to Croydon's Tenant and Leaseholder Panel for review.
- 9.2 Assessment of the Council's overall HRA rental portfolio and its viability is undertaken by the Council's external consultants managing the HRA Business Plan (currently Savills).
- 9.3 The Housing Business Systems team oversee the operational delivery of the Rent Setting Policy, with rent-setting for individual properties undertaken by the Housing Income Control Manager.
- 9.4 Rents will be reported to the RSH through the annual regulatory Statistical Data Return submission.

Appendix A:

Information for calculating formula rents

This appendix provides the information, apart from property-specific details, that is needed to calculate formula rents.

1. The formula rent for a property is calculated using the following approach:

Weekly formula rent is equal to:	
	70% of the national average rent Multiplied by relative county earnings Multiplied by the bedroom weight
Plus	30% of the national average rent Multiplied by relative property value

- National average rent means the national (England) average rent in April 2000. This is £54.62.
- Relative county earnings means the average manual earnings for the county in which the property is located (for Croydon, this is Greater London: £354.10 per week) divided by national average manual earnings (£316.40 per week). These are both at 1999 levels.
- Relative property value means an individual property's value divided by the national (England) average property value (£49,750), as at January 1999 prices.
- The following bedroom weights must be used in the formula:

Number of bedrooms	Bedroom weight
0 (i.e. bedsits)	0.80
1	0.90
2	1.00
3	1.10
4	1.20
5	1.30
6 or more	1.40

2. Uprating to current rent levels

Once a formula rent for 2000-01 has been calculated, it must be adjusted for each year using the following a two step process set out in Appendix A of the [Policy Statement](#). This allows for annual inflationary/deflationary changes up until 2019-20 and then inflation by CPI + 1%, including allowing for the four year rent reduction period required by the Welfare Reform and Work Act 2016. The

following table should be used for the uprating to 2019-20 (excluding properties excluded from the social rent requirements of the 2016 Act):

Year	Inflation	Additional	Total
2001-02	3.3%	1.0%	4.3%
2002-03	1.7%	0.5%	2.2%
2003-04	1.7%	0.5%	2.2%
2004-05	2.8%	0.5%	3.3%
2005-06	3.1%	0.5%	3.6%
2006-07	2.7%	0.5%	3.2%
2007-08	3.6%	0.5%	4.1%
2008-09	3.9%	0.5%	4.4%
2009-10	5.0%	0.5%	5.5%
2010-11	-1.4%	0.5%	-0.9%
2011-12	4.6%	0.5%	5.1%
2012-13	5.6%	0.5%	6.1%
2013-14	2.6%	0.5%	3.1%
2014-15	3.2%	0.5%	3.7%
2015-16	1.2%	1%	2.2%
2016-17	N/A	N/A	-1.0%
2017-18	N/A	N/A	-1.0%
2018-19	N/A	N/A	-1.0%
2019-20	N/A	N/A	-1.0%

3. Rent caps

Formula rent caps for 2019-20 are as outlined in the following table:

Number of bedrooms	Rent cap
1 and bedsits	£141.43
2	£149.74
3	£158.06
4	£166.37
5	£174.69
6 or more	£183.00

From 2020-21, rent caps will increase by CPI (at September of the previous year) + 1.5 percentage points, each year.

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For General Release

REPORT TO:	CABINET 18 February 2021
SUBJECT:	Croydon Equalities Strategy
LEAD OFFICER:	Katherine Kerswell, Chief Executive
CABINET MEMBER:	Councillor David Wood, Cabinet Member for Safer Croydon and Communities
WARDS:	All

CORPORATE PRIORITY/POLICY CONTEXT/ AMBITIOUS FOR CROYDON

Equity and inclusion is integral to achieving our ambitions for Croydon – it is the very foundation upon which we ensure residents are treated fairly and equitably by the Council and its service providers, giving individuals the opportunity to be who they are and achieve the successes they aspire to. This is particularly important for those who are most disadvantaged, so they too, can reach their full potential.

We aim to value diversity and promote equity and inclusion through the services we provide and as an employer.

The organisations vision is to be a high performing organisation that is collaborative, inclusive and innovative, an employer that lets talent flourish and build workforce capability to meet our ambitions and reflect Croydon’s communities.

As part of demonstrating the Council’s understanding and awareness of its situation, it is important to acknowledge that the existing Corporate Plan for Croydon, 2018-2022 has been replaced by the new Priorities and Ways of Working, one of which prioritises tackling ingrained poverty and inequality in the Borough. These are set out below:

- We will live within our means, balance the books and provide value for money for our residents.
- We will focus on tackling ingrained inequality and poverty in the borough. We will follow the evidence to tackle the underlying causes of inequality and hardship, like structural racism, environmental injustice and economic injustice.
- We will focus on providing the best quality core service we can afford. First and foremost, providing social care services that keep our most vulnerable residents safe and healthy. And to keep our streets clean and safe. To ensure we get full benefit from every pound we spend, other services in these areas will only be provided where they can be shown to have a direct benefit in keeping people safe and reducing demand.

FINANCIAL IMPACT

There are no direct financial implications arising from the proposed Equalities Strategy.

This strategy comes at a time of great change for Croydon and we want to support our staff and residents through tough times. Croydon Council faces a financial crisis of unprecedented severity. Key to delivering this strategy will be aligning resources to

deliver positive outcomes, as far as is practicable at a time when the council is under significant financial pressure.

The new administration has provided a framework of priorities for 2021-24 and ways of working to inform the task of reshaping the council and refocusing its work which is required in order to put it on a stable financial footing and ensure that the most vulnerable residents are protected from the impacts of the Covid pandemic.

Given the current financial pressures, we have been mindful in developing this strategy to ensure it aligns with existing commitments whilst remaining ambitious - within existing resources, projects, programmes and actions.

FORWARD PLAN KEY DECISION REFERENCE NO. This is not a key decision

The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below:

1. RECOMMENDATIONS

The Cabinet is recommended to:

- 1.1. Refer the adoption of the Equalities Strategy to Full Council with a recommendation for approval.
- 1.2. Refer the adoption of the new Equalities Objectives to Full Council with a recommendation for approval.
- 1.3. Note the engagement and consultation that has been undertaken to develop this strategy and supporting action plan to deliver its key priorities. Its content is applicable across the borough and is intended to benefit all our staff, residents and communities and thereby all who live and/or work in the borough, or working directly with Croydon's residents and communities.

2. EXECUTIVE SUMMARY

- 2.1 The Public Sector Equality Duty (PSED) set out in the Equality Act 2010.**
The PSED is made up of a general equality duty which is supported by specific duties.

The **specific duty** requires the council to:

- Annually publish information to demonstrate how it is complying with the Public Sector Equality Duty. This information must relate to people who are affected by the Councils policies and practices such as service users and employees
- Prepare and publish equality objectives at least every four years. Our current equality objectives as outlined below come to an end this year.

- To increase the rate of employment for disabled people, young people, over 50s and lone parents who are furthest away from the job market.
- To reduce the rate of child poverty especially in the six most deprived wards.
- To improve attainment levels for white working class and Black Caribbean heritages, those in receipt of Free School Meals and Looked after Children, particularly at Key age 2 including those living in six most deprived wards.
- To increase the percentage of domestic violence sanctions.
- To increase the reporting and detection of the child sexual offences monitored.
- To reduce the number of young people who enter the youth justice system.
- To reduce social isolation amongst disabled people and older people.
- To improve the proportion of people from different backgrounds who get on well.
- To reduce differences in life expectancy between communities

2.2 This report sets out the process and work undertaken to develop a new Equalities Strategy and corporate equality objectives.

2.3 Significant research and benchmarking has been undertaken to ensure that we understand the strengths and challenges across Croydon, so that the new strategy can target action where it will be most effective.

2.4 Wide ranging consultation was also undertaken to inform the strategy. We are clear that the resident voice should be at the heart of the new strategy. The report outlines the approach taken to consultation, recognising the challenges and restrictions created by Covid-19, summarises the feedback and outlines how this has informed the proposed strategy objectives and outcomes.

2.5 Equality Strategy 2020-2024

The Strategy sets out the Councils vision that Croydon is a place of opportunity where everyone can belong, addressing the needs and aspirations of all those who live and work in the borough.

3. BACKGROUND

Statutory obligations

3.1 The Equality Act 2010 (the Act) came into force on 5 April 2011. Section 149 of the Act contains the Public Sector Equality Duty (PSED). The duty applies to public bodies and others carrying out public functions.

The general equality duty requires the Council, in the exercise of functions, to have “due regard” to the need to:

- Advance equality of opportunity between people who share a relevant protected characteristic and people who do not share it
 - Foster good relations between people who share a relevant protected characteristic and those who do not share
 - Eliminate discrimination, harassment and victimisation and any other conduct that is prohibited by or under the Act.
- 3.2 The Act and PSED support good decision-making by ensuring public bodies consider how different people will be affected by their activities, helping them to deliver policies and services which are efficient and effective; accessible to all; and which meet different people's needs.
- 3.3 Furthermore, section 153, of the Act imposes specific duties on public authorities to exercise public functions which will demonstrate their compliance with the PSED. The Council is also required to publish information to demonstrate their compliance with the general equality duty.
- 3.4 This information must relate to people who are the Council's employees or are affected by its policies and practices (for example, service users).
- 3.5 The objectives must be published at intervals of not greater than four years, beginning with the date of the last publication (i.e. 2020 for Croydon). Published objectives must be specific and measurable.
- 3.6 [Opportunity and Fairness Commission \(OFC\) 2016-2020](#)
- 3.6.1 The Opportunities and Fairness Commission (OFC) was set up to identify issues of inequality supported by lived experiences from residents across the borough.
- 3.6.2 The work of the Opportunity and Fairness Commission supported the Council's ambition to reduce inequality and promote fairness for all by working with partners in the public, business and voluntary sectors in order to secure better outcomes for all.
- 3.6.3 Croydon OFC published its final report on 28th January 2016. The report highlighted the key inequality and fairness challenges for the borough and presented recommendations on how these could be addressed by the Council and our statutory, voluntary and community sector partners.

The recommendations in the report were presented under the following headings:

- Vibrant, responsible and connected communities
- A town centre that lifts the whole borough
- Leaving no child behind
- A connected borough where no one is isolated
- Supporting residents to better times.

3.6.4 Work carried out during and following the OFC has provided a solid foundation to base our consultation for the development of our new strategy, with participants providing feedback on the current equality objectives, and areas we should focus on going forward. *Further detail is provided in section 8 of the report.*

4. MONITORING AND PERFORMANCE

4.1 Progress made in implementing the statutory equality objectives as set out in the Equality and Inclusion Policy 2016-20 were regularly reported to Cabinet and Scrutiny & Overview Committee through the annual Equalities Report.

4.2 In addition to the annual Equalities report, the Council utilised a range of external benchmarking processes to assess and improve our approach to equalities and inclusion. Some of these are outlined below;

4.3 Equality Framework for Local Government (EFLG): Equality Peer Challenge

4.3.1 The ELFG is a national benchmarking and assessment tool that helps local authorities to identify what they do well and where they can make improvements to, and deliver better equality outcomes for staff, residents and service users.

4.3.2 In November 2019, the Council asked the Local Government Association (LGA) to conduct an Equality Peer Challenge against the “Achieving” level of the Equality Framework for Local Government Accreditation. It undertook a self-assessment against five performance criteria:

- Knowing your communities
- Leadership, partnership and organisational commitment
- Involving your communities
- Responsive services and customer care
- A skilled and committed workforce

4.3.3 The Council satisfied the criteria for the Achieving level of the EFLG, the level we agreed to be assessed. The LGA made a number of recommendations to improve equality outcomes based upon the findings during the 3 day visit, which are set out in appendix 1 of the report.

4.4 Stonewall 2019/20 Workplace Equality Index

4.4.1 Croydon Council has been a Stonewall Diversity Champion and participated in the Stonewall Workplace Equality Index since 2014. This process assesses the Council’s progress on lesbian, gay, bi and trans inclusion in the workplace.

4.4.2 The process allowed the Council to demonstrate its work in the following ten areas of employment policy and practice:

- Policies and benefits
- The employee lifecycle
- LGBT employee network group Allies and role models
- Senior leadership
- Monitoring
- Procurement
- Community engagement
- Clients, customers and service users
- Additional work

4.4.3 In 2019, Croydon was ranked 148 out of over 500 organisations that took part. Stonewall made a number of recommendations to improve inclusion for lesbian, gay, bi and trans employees in the workplace.

4.5 Disability Confident Employer

4.5.1 The Council is a Disability Confident Employer (Level 2). To achieve this level, the Council carried out a self-assessment, against a set of statements about employing disabled people. The self-assessment is grouped into 2 themes:

- Theme 1 – getting the right people for your business
- Theme 2 – keeping and developing your people

4.5.2 The Disability Confident scheme supports employers to make the most of the talents disabled people can bring to the workplace. The scheme helps employers recruit and retain great people, and:

- draw from the widest possible pool of talent
- secure high quality staff who are skilled, loyal and hard working
- improve employee morale and commitment by demonstrating that you treat all employees fairly

4.5.3 It also helps customers and other businesses identify those employers who are committed to equality in the workplace.

4.6 Timewise Council

4.6.1 Croydon Council is also Timewise accredited. This means it is driving transformational change through flexible working practices. In practice, as an employer it embeds flexibility into its wider improvement plans, fostering a culture of learning and continual improvement that aligns the benefits to its employees with improvements in workplace efficiency.

4.7 Monitoring the Equality Strategy

4.7.1 The Council will establish a board to coordinate the equality arrangements for embedding equality and managing the implementation of the strategy. The board will be responsible for the evaluation (and review) of the Equality

Strategy. It will be reviewed annually by all departments and partnerships that own the objectives, measures and actions. The review will be coordinated by the Council's Equality Manager.

- 4.7.2 Progress will be regularly reported to the senior management team, cabinet, scrutiny and themed partnership boards such as the Health and Wellbeing Board when required.
- 4.7.3 The Council will implement an appropriate involvement strategy during these reviews which will be proportionate to the degree of change likely to be needed.

5. Working in partnership

- 5.1 Given the Council's current financial context, and the challenges that the national and local economy is facing, it is more important than ever to ensure we are delivering improved outcomes for those facing inequity and disadvantage and, that we do so in the most efficient way possible; pooling resources and expertise with partners where we can, for wider impact.
- 5.2 Prior to the pandemic, Croydon was experiencing increase in demand for support services, in addition to population growth, and changing requirements – this increased following the pandemic. As a result, we need to give greater focus on becoming more preventative, and proactive in our approach.
- 5.3 Like the Council, our infrastructure and local VCS groups have also been challenged by recent societal events. As such, they have also had to change, adapt and become more flexible in a fast changing local environment.
- 5.4 The administration's new priorities and ways of working highlight the need for the Council's relationship with residents, communities, businesses and partners. In working towards this aim, it will fully involve the residents of Croydon, its communities and its partners in its improvement work on its journey to becoming an efficient, effective and financially sustainable council.

6. EVIDENCE BASE FOR NEW STRATEGY: National Context

- 6.1 The external benchmarking activities highlighted in the previous section have provided useful in identifying where the Council has performed well, as well as recommendations on areas for improvement.
- 6.2 In developing the strategy, we have worked closely with the VCS sector, particularly our partner infrastructure groups, who themselves, as part of the local community, have gathered data 'on the ground', which we incorporated in the overall strategy development process.
- 6.3 In addition to this, and as part of the strategy development process, we have examined a range of qualitative and quantitative evidence to develop our

strategy, with resident voices at the heart. Sections 4.4-4.24 outline the evidence sources that we have tapped into as part of the process of developing the strategy.

6.4 The strategy is being developed against a backdrop of prevalent international and national themes, which have been particularly highlighted in recent months by the Covid-19 pandemic. The virus has been unequal in its impact, in particular on BAME communities, but this is a result of long standing structural inequalities and socio-economic determinants of health. We have also seen a strong social response to racism through the Black Lives Matter movement. Whilst media focus may have been on cases in the USA, racism remains a very real issue for us to tackle in the UK as well. Since the EU referendum we have seen a rise in hate crimes and racism. These provide the context for the backdrop against which the strategy has been written.

6.5 A number of national studies / reports have been produced in recent years which provide a helpful insight into inequality across the country. A summary of the following reports are provided below:

- Is Britain Fairer? The state of equality and human rights (Equality and Human Rights Commission)
- Health Inequality in England – The Marmot review 10 years on (Institute of Health Equity / Health Foundation)

Beyond the data: understanding the impact of Covid-19 on BAME groups (Chief Medical Officer for England).

6.6 [Is Britain Fairer? The state of equality and human rights](#)

6.6.1 The report was published by EHRC (Equality and Human Rights Commission) in 2018 and is the most comprehensive picture of people's life chances in Britain. It examines all areas of life, including education, work, living standards, health, justice and security, and participation in society.

6.6.2 The report acknowledges that there has been some progress in recent years, such as improvements in educational attainment, involvement in politics and equality in the workplace – but there are still serious challenges yet to be addressed in respect of access to justice, hate crime and sexual harassment.

6.6.3 Child poverty has increased, as has inequalities resulting from socio-economic disadvantage seriously affecting many people's lives. Women are still not benefitting from equality in practice and there are increasingly large gaps between the experiences and outcomes of disabled people and some ethnic minorities and the population as a whole.

6.6.4 All of this is set in a context of long-term reductions to public spending, spikes in hate crime, and ongoing uncertainty about the impact of leaving the European Union. According to the report, the national picture is one that says some progress has been made towards being a fairer society, but "substantial evidence shows that opportunities, chances and outcomes remain unequal.

From the cradle to the grave, race, religion, class, disability and gender can all have a bearing on a person's prospects”.

6.7 [Health Inequity in England – The Marmot Review- 10 Years On](#)

6.7.1 This report was produced by the Institute of Health Equity and commissioned by the Health Foundation to examine progress in addressing health inequalities in England, 10 years on from the landmark study Fair Society, Healthy Lives (The Marmot Review). Led by Professor Sir Michael Marmot, the review explores changes since 2010 in five policy objectives. The recommendations in the report were presented under the following headings:

6.8 **Giving every child the best start in life:**

6.8.1 This looked at socioeconomic inequalities and how these affect those in less deprived areas resulting in lower levels of good development, increase in child poverty with over four million affected, and deprived areas losing funding for children and youth services even as need has increased.

6.9 **Enable all children, young people and adults to maximise their capabilities and have control over their lives:**

6.9.1 Clear and persistent social inequalities in educational attainment remain. These have more of an impact on gender, ethnic background children and young people in more deprived areas with those eligible for free school meals continuing to have lower levels of attainment.

6.9.2 Nationally since 2010, the number of exclusions have significantly increased in both primary and secondary schools. Children eligible for free school meals were four times more likely to be punished with a permanent exclusion. Across the country youth services have been cut since 2010 and violent youth crime has increased greatly over the period. According to the report, black children were more likely to be arrested than white children in 2017/18.

6.10 **Create fair employment and good work for all:**

6.10.1 There has been an increase in poor quality work – low-paid and unskilled including part-time, short-term contracts, self-employment and insecure employment.

6.10.2 The number of zero hour contracts has significantly increased since 2010 Real pay is still below 2010 levels and there has been an increase in the proportion of people in poverty living in a working household.

6.10.3 Minority ethnic groups, women, lone parents, and people with disabilities have higher unemployment rates.

6.11 **Ensure a healthy living standard for all:**

- 6.11.1 Wage growth has been low since 2010 and wage inequality persists - particularly for children and for those in work.
- 6.11.2 Lone parents with children have the highest risk of being in persistent poverty. The number of families with children who do not reach the minimum income standard has increased. Food insecurity has increased significantly.
- 6.11.3 Nearly half of those in poverty in the UK in 2018 - 6.9 million people - were from families in which someone had a disability.
- 6.11.4 Some ethnic groups face much higher rates of poverty than others, particularly those who are Black, Bangladeshi, Pakistani origin where rates of poverty after housing are as high as 50%.

6.12 **Create and develop healthy and sustainable places and communities:**

- 6.12.1 According to the report, Government spending has decreased most in deprived places and cuts in services outside health and social care have hit more deprived communities hardest.
- 6.12.2 The cost of housing has increased significantly including social housing, impacting on all the other social determinants of health and pushing people into poverty, homelessness and ill health.
- 6.12.3 The number of non-decent houses has decreased, including in the private rented sector, but this sector also has nationally high levels of cold, damp, and poor conditions including insecure tenures. Homelessness has increased significantly including more children in homeless families living in temporary accommodation

6.13 **[Beyond the data: Understanding the impact of Covid 19 on BAME groups](#)**

- 6.13.1 This piece of work was commissioned by the Chief Medical Officer for England to understand the extent that ethnicity impacts upon risk and outcomes of Covid-19. The PHE review of disparities in the risk and outcomes of COVID-19 shows that there is an association between belonging to some ethnic groups and the likelihood of testing positive and dying with COVID-19.
- 6.13.2 The review found that the highest age standardised diagnosis rates of COVID-19 per 100,000 population were in people of Black ethnic groups (486 in females and 649 in males) and the lowest were in people of White ethnic groups (220 in females and 224 in males).
- 6.13.3 An analysis of survival among confirmed COVID-19 cases showed that, after accounting for the effect of sex, age, deprivation and region, people of Bangladeshi ethnicity had around twice the risk of death when compared to people of White British ethnicity. People of Chinese, Indian, Pakistani, Other Asian, Caribbean and Other Black ethnicity had between 10 and 50% higher

risk of death when compared to White British.

6.13.4 Death rates from COVID-19 were higher for Black and Asian ethnic groups when compared to White ethnic groups. This is the opposite of what is seen in previous years, when the all-cause mortality rates are lower in Asian and Black ethnic groups.

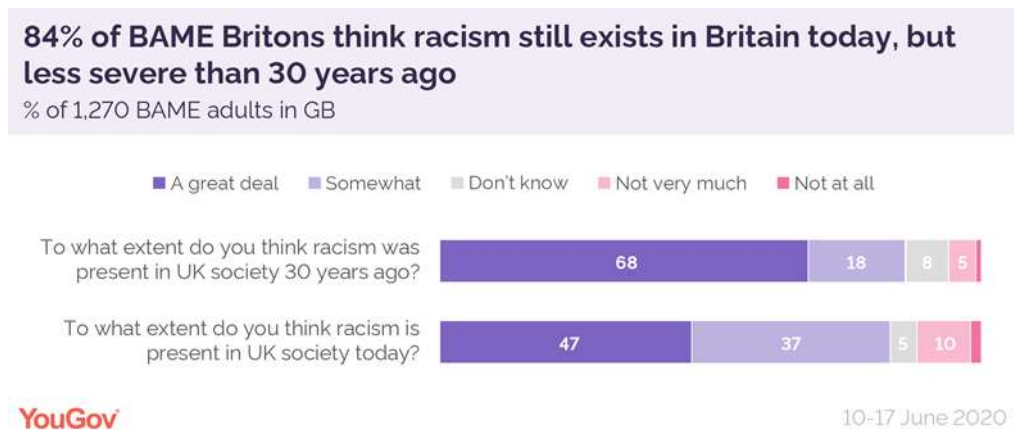
6.13.5 The literature review and stakeholder feedback indicate that risks associated with COVID-19 transmission, morbidity, and mortality can be exacerbated by the housing challenges faced by some members of BAME groups. The most recent research from the UK suggests that both ethnicity and income inequality are independently associated with COVID-19 mortality. Individuals from BAME groups are more likely to work in occupations with a higher risk of COVID-19 exposure. They are more likely to use public transportation to travel to their essential work. Historic racism and poorer experiences of healthcare or at work may mean that individuals in BAME groups are less likely to seek care when needed or as NHS staff are less likely to speak up when they have concerns about Personal Protective Equipment (PPE) or risk

6.14 Black Lives Matter

6.14.1 The brutal killing of George Floyd and the subsequent involvement of many across the world in the Black Lives Matters movement has illustrated the depth and breadth of feeling about disproportionality and racial injustice.

6.14.2 As the graphic below demonstrates, whilst BAME residents recognise racism is less of an issue than 30 years ago in the UK, nearly half still feel racism still exists 'a great deal'.

6.14.1 The Council's new equality strategy therefore includes a strong focus on race and racism and how it will address service improvement, by collecting and sharing best practice in tackling inequality; coordinating, where appropriate, across service areas – with the aim of helping local initiatives to tackle unfair outcomes (e.g. those disproportionately affecting Black, Asian and Minority Ethnic communities) – supported by targeted early intervention.



6.15 Hate Crime Surge

6.15.1 According to the Home Office, there were 103,379 hate crimes recorded by the police in England and Wales, an increase of eight per cent compared with year ending March 2019 (97,446 offences). This is following certain events such as the EU Referendum and the terrorist attacks in 2017.

6.15.2 Hate crime offences recorded by the police rose by 8% compared with year ending March 2019 (97,446 offences) in year ending March 2020, there were 105,090 hate crimes recorded by the police in England and Wales

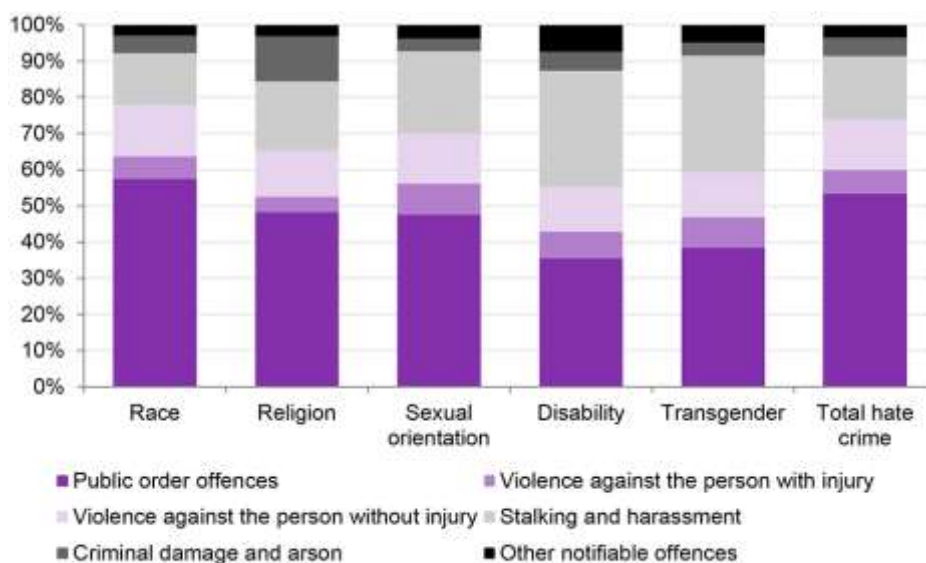
6.15.3 As in previous years, the majority of hate crimes were race hate crimes, accounting for around three-quarters of offences (72%; 76,070 offences). These increased by six per cent between year ending March 2019 and year ending March 2020.

6.15.4 Religious hate crimes fell by five per cent (to 6,822 offences), down from a peak of 7,203 in the previous year. This was the first fall in religious hate crimes since year ending March 2013.

6.15.5 Sexual orientation hate crimes increased 19 per cent (to 15,835), disability hate crimes by nine per cent (to 8,469) and transgender identity hate crimes by 16 per cent (to 2,540). These percentage increases are smaller than seen in recent years.

6.15.6 Over half (53%) of the hate crimes recorded by the police were for public order offences and a further third (38%) were for violence against the person offences. Five per cent were recorded as criminal damage and arson offences.

6.15.7 Around 12% of hate crimes offences in 2018/19 were estimated to have more than one motivating factor, the majority of these were hate crimes related to both race and religion



6.16 EVIDENCE BASE FOR NEW STRATEGY: Local Context

6.16.1 Croydon is the second largest of all the London boroughs in terms of population. Its population continues to grow. The borough population recorded in Census 2001 was 330,587 and in the 2011 Census it had increased to 363,378. Based on ONS mid-year estimates, 2017, Croydon is home to 384,837 people and this is expected to increase to just under 500,000 by 2050.

6.17 Deprivation

6.17.1 Croydon faces challenges around deprivation and inequalities in regard not only to income but other factors including health, education and housing. There remains geographic inequality in the distribution of deprivation in the borough with the North and East of the borough remaining more deprived.

6.18 Income

6.18.1 Croydon has an average score of 0.136 for the income domain, which places it as the 97th most deprived local authority out of the 317 lower tier authority districts in England or 73rd out of 151 upper tier authorities. Croydon is ranked 18th most deprived out of 33 London boroughs.

6.18.2 41 LSOAs out of the 220 LSOAs in the borough (18.6%) are in the top 20% most deprived LSOAs in the country. These deprived areas are mainly in the north and east of the borough. One neighbourhood area in the ward of West Thornton is in the top 5% most deprived areas in the country.

6.19 Employment

6.19.1 The average score for the Employment domain was 0.092, placing Croydon as the 143rd most deprived LSOA out of the 317 lower tier districts or 87th out of 151 upper tier districts. Croydon is 15th most deprived out of 33 London boroughs.

6.19.2 Under the employment domain, only 2 LSOAs, less than 1% of all the LSOAs in Croydon, are in the 5%-10% most deprived areas in England. These 2 areas are located within the wards of West Thornton and New Addington South

6.19.3 The proportion of out of work claimants has risen by around 5% since March 2020 – directly as a result of the impact of the Covid19 pandemic on the economy.

6.19.4 There has been a huge increase in unemployment for 18-24 year olds and 50-64 year olds since April 2020.

6.20 Education, skills and training

6.20.1 Croydon is in the bottom third of local authorities in the country under this domain; the average score for the borough was 15.577 making it the 220th most deprived borough out of the 317 lower tier districts or 117th out of 151 upper tier authorities. Croydon is 12th most deprived out of 33 London boroughs.

6.20.2 There are just 3 LSOAs in the top 5%-10% most deprived areas in the country and these areas are in the East of the borough with known historic issues around lower average attainment scores for pupils and a higher proportion of adults with no qualifications. The take up of funded hours in Early Years settings in Croydon is still below regional and national averages.

6.20.3 The proportion of children achieving grades AAB or above at Key Stage 5 is much lower than the national and regional averages.

6.20.4 Since 2015 at local, regional and national levels there has been a lower proportion of children from Black backgrounds achieving Attainment 8 scores.

6.20.5 Like with England as a whole Black Caribbean pupils in Croydon have the greatest level of disproportionately when it comes to exclusion from school.

6.21 Health deprivation and disability

6.21.1 The average score for Croydon for this domain was -0.174, making it the 165th most deprived lower tier authority out of the 317 or 95th out of 151 upper tier authorities. Croydon is 13th most deprived out of 33 London boroughs.

6.21.2 Less than 0.5% of the Croydon LSOAs under this deprivation domain were in the top 5%-10% most deprived areas in the country. The most deprived areas in Croydon in this domain are in the centre of Croydon, and in the East of the borough. These areas scored highly across each of the measures used for this domain.

6.22 Living environment

6.22.1 The living environment domain looks at both the indoor and outdoor living environments. The indoor living environment is based on the proportion of houses without central heating and the proportion of houses that are in poor condition. The outdoor living environment looks at air quality and road traffic accidents that cause injury to pedestrians and cyclists.

6.22.2 The most deprived areas for this domain are predominantly located in the centre of the borough. These areas have high scores both for the indoor and outdoor living environment measures.

6.23 Income Deprivation Affecting Children

6.23.1 The North and East of the borough are relatively more deprived than the South West of the borough. There is a southernmost area in the borough

which is within the new Old Coulsdon ward, (formerly Coulsdon East), which scores high on income deprivation affecting children.

6.24 Income Deprivation Affecting Older People

6.24.1 In Croydon 17% of older people were income deprived. This puts Croydon in the top third most deprived areas for this domain. These are predominantly in the North of the borough, with a few in the East.

6.25 Housing

6.25.1 The most common reasons for homelessness is parental evictions, exclusions by relatives and friends and relationship breakdowns. Croydon was the first London borough to halve its use of temporary accommodation in line with the target set by government.

6.25.2 Latest figures for 2019/2020 show that more than half (56%) of homeless people in Croydon are in the 25-44 years age band.

6.25.3 Over the years, by far the highest proportion of accepted homeless households in Croydon have been made up of lone parents with dependent children.

6.25.4 There has been a disproportionately high percentage of homeless people from the Black community, both currently and historically.

6.26 Community Safety

6.26.1 In Croydon the total number of hate crimes has been increasing year on year over the past 3 years.

6.26.2 The majority of reported hate crimes in Croydon have been racist and then homophobic hate crimes. Racist hate crime has been recorded for longer than others so there is likely to be a better reporting rate for racist crimes.

6.26.3 The number of race hate crimes continue to increase every year. The first 6 months of the current financial year indicates that the upward trend is likely to continue and the year-end position is likely to show the highest number of racist hate crimes for 4 years. The average monthly number is 723 so far this year compared to only 585 per month over the previous 36 months.

6.26.4 The number of disability hate crimes in Croydon has averaged around 18 per month over the previous 24 months. Since April 2020, the average rate has been 26 per month which is significant even though the actual numbers are low.

6.26.5 The number of faith hate crimes had been falling in Croydon during the 2018/2019 period. The first half of the 2019/2020 year continued this downward trend until the last 5 months when the numbers rose again. Figure

16 shows that these crimes have gone back to the 2018/2019 levels but the trend line suggests that they may reduce in the coming months to year-end.

6.26.6 BREXIT, even though supposedly concluded, still continues to contribute to the presence of extremist groups and this, in turn, has contributed to a rise in the number of anti-semitic incidents reported to the Police.

6.26.7 In Croydon, there continues to be a year on year increase in sexual orientation (homophobic) hate crime reported to the MPS. The figures have risen from a base of around 20-30 crimes in 2012/2013 to an average monthly figure of 67 per month over the 3 years 2017/2018 to 2019/2020. For the first 6 months of 2020/2021, the monthly average is 104.

6.26.8 Croydon has seen an increase in the number of transgender hate crimes, particularly over the last financial year ending 31. March 2020. Figure 20 shows that for the first half-year of the current 2020/2021 financial year there is a downward trend for the first time in 3 years.

7. OUR APPROACH TO DEVELOPING A NEW EQUALITY & INCLUSION STRATEGY

7.1 As previously mentioned, the strategy is being developed against a backdrop of prevalent international and national themes as outlined in section 4 of the report.

7.2 We identified and benchmarked against best practice and reviewed a range of plans and strategies as part of the process of developing the strategy in order to determine equality issues and challenges on a regional and national level. *These can be found in Appendix 5.*

7.3 We also reviewed national and local evidence as outlined in sections 4 and 5 of the report to ensure the process was data and intelligence led.

7.4 To further strengthen the above we examined independent feedback provided by third party 'critical friends' such as the LGA through our recent EFLG Peer Challenge and Stonewall Workplace Equality Index recommendations both of which provided us with a solid starting point, and key indicators for improvement in tackling inequality and promoting greater inclusion amongst protected groups within our workforce, in the community and beyond.

7.5 To avoid duplication, and create wider more diverse and varied efficiencies, we identified existing synergies and opportunities by examining current Council strategies, policies and plans that support delivery of equality, diversity, inclusion and/or can be mapped to existing commitments. It should be noted that there are many Council services who through their strategies are currently contributing to tackling inequalities and addressing disadvantage across the borough for protected groups. The following is a sample of the more recently developed strategies and not intended to be exhaustive list:

Strategy Name	Protected Groups
Corporate Plan 2018/22	All protected groups
Workforce Strategy 2019-2022	All protected groups
Refreshed Recruitment Policy	Race, Disability, Gender
Schools Improvement Plan	
Croydon Partnership Early Help Strategy 2018/20	Age; Disability; Gender
Joint Health & Wellbeing Strategy 2018/22	Age; Disability; Pregnancy Maternity; Gender
Autism Strategy (pending)	Autism, Disability
Housing Strategy (pending)	All protected groups
Economic Recovery Plan (pending)	All protected groups

8. CONSULTATION

- 8.1 We sought internal and external stakeholder input help us test our existing equality objectives (*as outlined in Appendix 4*), identify where our priorities should lie going forward across the nine protected characteristics, extending to socio-economic circumstances which have a considerable impact on inequality, inclusion and quality of life. We also wanted to use the opportunity to gather views on what the Council does well and what it can do better to reduce inequalities in the Borough.
- 8.2 We consulted with residents across the Borough, taking into account the diversity of the Borough and the needs of all residents across protected characteristics as defined by the Equality Act.
- 8.3 We ensured we consulted with VCS organisations that were representative of all communities across the Borough and often supporting some of the most vulnerable residents.
- 8.4 We ensured we consulted with staff across all protected characteristics and across all levels in the organisation. This also included Cabinet Members and Councillors.
- 8.5 In order to reach a wide range of people within each stakeholder group, and recognise the differences between the stakeholder groups, a range of channels were utilised to promote engagement in the equality strategy consultation. Restrictions as a result of the Covid-19 pandemic meant that some usual channels, such as face to face workshops or VCS engagement events could not be utilised. We also had to adapt regular communication channels.

We run four promotion campaigns on the Council's social media – i.e. Facebook, Twitter and Instagram between July and September. We have also advertised opportunities to get involved on the intranet, in the weekly newsletter Your Croydon, weekly Our Croydon bulletin, which gave us the potential to reach in excess of 80,000 residents.

- 8.6 Consultation consisted of an online survey and online focus groups. Telephone interviews were used to reach people that were unable to engage through online channels – this represented a more cost effective and direct approach than postal methods, which have been discounted. We were also invited to attend stakeholder meetings with Croydon BME Forum, Asian Resource Centre (ARCC), Youth Parliament, and Empire for Looked after Children.
- 8.7 We also ensured engagement opportunities were flexible – including late evenings and Saturdays to accommodate wider participation of protected groups. 1-2-1 telephone calls would be at the convenience of respondents, they were also used to complete the online survey with respondents who were reluctant or unable to take part in online focus groups.
- 8.8 The hardest to reach protected groups have been those within the transgender community and pregnant women. In part because during Covid-19, maternity clinics were not being held in the usual manner. We therefore approached partner organisations to promote the opportunity and contacted all known local transgender groups.
- 8.9 The online survey was developed and launched using the Council's 'Get Involved' platform. The site has software adjustments for those with visual impairments. The online survey /questionnaire was designed as a 'perception' survey that allowed respondents to give us their views on how the Council is tackling inequality; comment on current equality objectives; suggest additional objectives and priorities the Council should focus on for the next four years.
- 8.10 The online workshops asked the same questions as the online survey, with responses captured anonymously using an online tool called Retrium. By using this tool we were able to encourage more open and honest feedback while protecting individual identities during workshops. As a result feedback from the workshops was much more granular, honest and practical than one might otherwise expect.
- 8.11 In total we hosted 30 online workshops with attendees across the 9 protected groups (note that no person, community group or organisation was required to declare an interest), in addition we also held twelve 1-2-1 telephone interviews for those unable or unwilling to use online channels. On an average virtual workshops were attended by between 5-6 attendees with the exception of the BME Forum and ARCC workshops, whose sessions were at capacity. Online workshops were also held with staff in their capacity as employee, resident and service provider. Lastly, we also held meetings with each of the Council's staff diversity networks.
- 8.12 In total, we were able to engage with around 334 participants over a three month period.
- 8.13 We found that although most people agreed with the current objectives, some of the most important issues for respondents were not included in the

objectives and there were many other issues that have arisen in the last 4 years. Responses that focussed on new or 'emerging issues' – areas not covered by the current objectives' – were classed as 'emerging themes'.

8.14 Below are some of the high level findings.

- Respondents agreed with the current equalities objectives.
- Respondents also felt that the current objectives did not cover all of their concerns.
- In the last 4 years, people's concerns around equality have changed and there are a plethora of new and emerging issues.
- Across different groups and protected characteristics there are numerous concerns relating to individual circumstances, however there are key issues that are consistent across all groups.
- Overall, a high proportion of respondents felt that the aims should be measurable and progress should be made easily available for all residents to access.
- Respondents felt that the new priorities should also contain information specifically related to the council's role in tackling and reducing inequality.

8.15 Below is a further breakdown of feedback in relation to the key themes, including existing themes and emerging themes:

8.16 Jobs and the economy

- Need for the council to support those who have been financially affected by COVID-19, such as elderly and disabled people
- Need to support people back into employment, as well as job retention
- Ensure that all residents feel the benefit of development, particularly in overcrowded areas such as Thornton Heath

8.17 Housing

- Need for more affordable housing across the borough for its poorest residents, particularly in the North of the Borough
- Need for housing to be allocated in a fair and equitable way, to ensure there is no discrimination against particular groups.
- Need to tackle homelessness, and particularly for BAME men in the borough, who are more likely to end up being classed as homeless.

8.18 Children and Families

- Disproportionate treatment of young people (particularly black males) by police and in education
- Lack of youth services on offer for young people in the borough
- Concern about violence amongst young people
- High number of exclusion rates for young BAME people
- Education outcomes across different groups

8.19 Community Safety

- Need to address the root cause of domestic violence
- Concern about violence amongst young people and feeling unsafe for young people in the North of the Borough

8.20 Social Isolation

- Linked to many other issues throughout the consultation
- Lack of access and need for service improvement for disabled and particularly autistic people has a detrimental effect on mental health and feel isolated.
- Covid 19 and key contributor to social isolation particularly for older people, disabled people and those who have become unemployed.
- Need for community support and an active voluntary sector, supported by the council

8.21 Stronger communities

- Importance of a thriving VCS in the borough
- Need to engage different groups in different communities
- Need for partnership effort between VCS, local community leaders

8.22 Health

- Training and awareness in relation to autism
- Need for more support and services for those living with autism
- Need for improved accessibility in relation to disability
- Need to tackle health inequalities and outcomes for different groups

8.23 Societal inequities (emerging theme)

- Need for more equitable treatment of groups especially black communities

8.24 Council as an employer (emerging theme)

- Need for more diverse workforce making key-decisions
- Need for a diverse management team that reflects the diversity of the borough.
- Increasing training and awareness of staff, particularly frontline staff
- Council as a role model

8.25 Council as a community leader and service provider (emerging theme)

- Council as a role model around equity and inclusion
- Need to build equality into the commissioning process
- Service delivery models should reflect the inequities across the borough
- Council championing equality in the community and with its partners

You can obtain further information about the consultation in appendix 4.

9. NEW EQUALITY AND INCLUSION STRATEGY

- 9.1 The draft strategy is attached as appendix 8. This has been drafted based on the evidence and consultation findings summarised in previous sections.
- 9.2 The report starts with a Foreword by the Cabinet Member for Safer Croydon and Communities, this is followed by a section introducing the report. This is followed by some key equality statistics. It also includes a plan on a page that provides a concise, simple, at-a-glance summary of the strategy that will allow every single employee to pick it up, understand what it says, and understand what needs to be done.
- 9.3 The strategy sets out 4 clear outcomes, each with a set of 3 objectives that inform the smart actions that will be delivered over the course of the next four years.

Outcome 1: The Council addresses social inequities as a community leader and an employer

Objectives

1. The Council's workforce reflects our diverse communities at all levels
2. The Council acts as a role model and champions a fair society
3. We ensure equality training is central to the way work, is regularly undertaken, and is reviewed to meet changing needs

Outcome 2: We work with our residents to better understand our communities

Objectives

1. Continue to increase our network across seldom heard groups
2. Information about the council's work towards tackling inequality is easy to access and understand
3. Data about local communities is more effectively collected, analysed and used to inform decisions and improve services.

Outcome 3: Use partnerships to improve access and meet individual needs as they arise

Objectives

1. Enable better education outcomes by offering support to groups who need it most
2. Support the creation of jobs that enhance quality of life
3. Services are proactive in targeting groups that have accessibility issues as a result of disability, age, mental health, language, digital and/ or physical barriers

Outcome 4: People in Croydon are supported to be in good health

Objectives

1. Work with partners to tackle social isolation and bring people together

2. With our partners use our knowledge of specific health challenges to support improvements
3. We work with our partners to open the door to health services, and support them to make sure residents know where and how to access services

10. PRE-DECISION SCRUTINY

- 10.1 The Scrutiny & Overview Committee have received regular reports on progress against the Council's existing equality objectives. In May 2020, the Committee received a report outlining the proposal to create a new strategy. This provided the Committee with an opportunity to have direct input to the approach and the consultation plan. Overall comments from the committee were the Council needs to demonstrate progress against objectives over time, reporting on factors we want to improve. The also felt that the action plan leading from the new strategy needs to be challenging but achievable, with realistic, timed milestones and named responsible officers. Officers also felt that the council will need to ensure how it will use more up-to-date equality data going forward and also consider intersectionality and seldom heard groups such as neuro diverse groups.
- 10.2 This was followed by Informal Scrutiny & Overview Committee meeting in June where the Committee received the draft engagement and consultation plan. The report gave details of the consultation plan, survey questions, timescales and stakeholders. Overall comments from the committee were SMART objectives need to be built into the next strategy, focused on results not outputs, strategy needed to be developed in full awareness and consideration of recent events and conversations – namely Black Lives Matter movement, need to ensure we hear from wide range of voices –not just usual suspects, strategy needs to be ambitious, but also recognise Council's ability to influence actions.
- 10.3 In September the latest results of the consultation were presented to the Scrutiny & Overview Committee informal meeting, alongside initial ideas for strategy, our approach to develop the strategy and draft outcomes and objectives. Overall comments from the committee were positive and members of the committee responded well to the idea of a strategy being developed with the voice of residents at its core. Monitoring; implementation mechanism - include information about this is in cabinet and scrutiny reports and final strategy.
- 10.4 The draft strategy was presented to an Informal Scrutiny Review meeting in Jan 2021. Overall comments from the committee were positive. The committee was of the view that more could have been done to raise awareness of the strategy to residents and communities, including providing feedback to stakeholders that were involved in developing the strategy, officers also felt that going forward more needs to done to improve the collection and analysis of equalities data such as developing an equalities dashboard. The committee also felt that consideration needed to be given to

areas such as domestic abuse, mental health, autism and Brexit and the impact on food poverty. Following that meeting, the committee will then report findings to the Overview and Scrutiny Committee meeting on 9 February 2021.

11 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 11.1 There are no direct financial implications for this plan. The Council's Equality Strategy incorporates the council's public sector equality duties as well as the national equality service improvement framework. It demonstrates the Council's compliance with the current legal framework.
- 11.2 Failure to implement and annually report on the Council's Equality and Inclusion priorities and actions will expose the Council to risk of claims for breach of statutory duty. Failing to implement actions identified in the equality analysis conducted to support decision-making or compliance with the public sector equality duties will also expose the Council to risk.
- 11.3 The Equality Strategy will be published in an electronic format and will not incur a publication cost to the Council.
- 11.4 Publication of the Equality Strategy will not incur production costs. The Strategy must be accessible and therefore made available in different formats, in summary and electronically - on the Council's website and intranet. Provision for this is available from existing budgets available to the Resources Department.
- 11.5 Key to delivering this strategy will be aligning resources to deliver positive outcomes, as far as is practicable at a time when the council is under significant financial pressure. Given the current financial pressures, we have been mindful in developing this strategy to ensure it aligns with existing commitments whilst remaining ambitious - within existing resources, projects, programmes and actions.
- 11.6 **The effect of the decision**
The approval of the Equality and Inclusion Annual Report will have no effect on the current financial situation. Action will be delivered in accordance with the risk management process.
- 11.7 **Risks**
The risk of not adopting the Equalities Strategy could mean that the council and its partners fail to meet the needs of our residents which could have a direct impact on their life prospects and opportunities to achieve positive outcomes.
- 11.8 **Options**
Outlined below in section 12.
- 11.9 **Future savings/ efficiencies**

There are no savings or efficiencies associated with the approval of this report.

Approved by Matthew Davis, Deputy S151 Officer, Finance Investment and Risk on behalf of Lisa Taylor, Director Finance Investment and Risk

12. LEGAL CONSIDERATIONS

- 12.1 The Head of Litigation and Corporate Law comments on behalf of the interim Director of Law and Governance that the Equality Act 2010 (Specific Duties) Regulations 2011 sets out that the Council must publish information to demonstrate its compliance with the duty imposed by section 149(1) of the Equality Act 2010, not later than 31st January 2012; and subsequently at intervals of not greater than one year beginning with the date of last publication. The information which the Council publishes must include, in particular, information relating to persons who share a relevant protected characteristic who are—
- a) its employees;
 - b) other persons affected by its policies and practices.
- 12.2 Section 149(1) (a) to (c) sets out the public sector equality duty with which the Council is required to comply. A public authority must, in the exercise of its functions, have due regard to the need to—
- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 12.3 In addition, the Council is required to publish one or more objectives it thinks it should achieve to do any of the things mentioned in paragraphs (a) to (c) of subsection (1) of section 149 of the Act referenced above.
- 12.4 The objectives must be published—not later than 6th April 2020; and subsequently at intervals of not greater than four years beginning with the date of last publication.
- 12.5 An objective published by a public authority in compliance with paragraph (1) must be specific and measurable and must be published in such a manner that the information is accessible to the public.
- 12.6 The Equality strategy will help the Council meet the PSED in full, and the supporting Action Plan, along with the approach to monitor its success and deliverability meets Section 153 of the Act, thus minimising any reason or likelihood of a successful legal challenge on this.

Approved by: Sandra Herbert Head of Litigation and Corporate Law on behalf of the interim Director of Law and Governance.

13. HUMAN RESOURCES IMPACT

- 13.1 Equality is integral to our workforce processes, policies and practices, including becoming an employer of choice. We continue to make positive progress towards having a workforce that reflects its community and where inclusivity is embedded in our practice, though it is recognised that there is more to do.
- 13.2 The strategy will help the Council achieve its ambition to be an organisation that is collaborative, inclusive and innovative, an employer that let's talent flourish and build workforce capability to meet our ambitions and reflects Croydon's communities

Approved by Sue Moorman, Director Human Resources

14. EQUALITIES IMPACT

- 14.1 The Equality Strategy seeks to understand the issues and challenges faced by the people of Croydon in order to create a place of opportunity where everyone can belong, addressing the needs and aspirations of all those who live and work in the borough.
- 14.2 The Strategy sets out the Council's Equality objectives 2020-2024. This will help the Council meet the PSED in full, and the supporting Action Plan, along with the approach to monitor its success and deliverability meets Section 153 of the Act, thus minimising any reason or likelihood of a successful legal challenge on this.
- 14.3 The strategy was developed in partnership with Croydon's residents, businesses, Voluntary and Community Sector (VCS) and staff. We gathered information from a range of impact and needs assessments, identified key challenges and invited a range of internal and external stakeholders to confirm these. We also utilised information a range of national and local sources, some of which are outlined in section 6 of the report.
- 14.4 An equality analysis was undertaken to ascertain the potential impact the strategy and associated action plan would have on groups that share protected characteristics. This concluded that the strategy would have a positive impact on all groups that share protected characteristics as it seeks to address the greatest inequalities faced by vulnerable and disadvantaged communities in the Borough

Approved by Yvonne Okiyo, Equalities Manager

15. ENVIRONMENTAL IMPACT

- 15.1 There are no environmental issues arising as a result of this report and accompanying strategy

16. CRIME AND DISORDER REDUCTION IMPACT

- 16.1 The strategy will help the Council foster good relations between communities and work towards building a cohesive and inclusive Borough through addressing key issues such as discrimination and hate
- 16.2 The priorities of the Violence Reduction Network, which seeks to take a public health approach to tackling violence, are aligned with the priorities within this strategy.

17. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 17.1 The proposed recommendations are as follows:
- 17.2 Refer the adoption of the Equalities Strategy to Full Council with a recommendation for approval.
- 17.3 Refer the adoption of the new Equalities Objectives to Full Council with a recommendation for approval.
- 17.4 Note the engagement and consultation that has been undertaken to develop this strategy and supporting action plan to deliver its key priorities. Its content is applicable across the borough and is intended to benefit all our staff, residents and communities and thereby all who live and/or work in the borough, or working directly with Croydon's residents and communities

18. OPTIONS CONSIDERED AND REJECTED

- 18.1 Retain and roll forward existing strategy. Not recommended due to the significant change over the last 4 years, and recognition that we need to have more targeted objectives
- 18.2 Do not have a separate equality strategy, but rely on the equality and inclusion elements in existing strategies (see earlier analysis) – not recommended as it is not best practice and could open us to legal challenge
- 18.3 Delay adopting the strategy and undertake further consultation – not recommended, as we have a legal duty to review objectives every 4 years – which is 2020.

19. DATA PROTECTION IMPLICATIONS

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

No

19.2 HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?

Data protection impact assessment was completed as part of the consultation process (see appendix 6)

Approved by Gavin Handford, Director of Policy and Partnerships

CONTACT OFFICER:

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APPENDICES TO THIS REPORT

Appendix 1: Equality Framework for Local Government (EFLG) LGA Report

Appendix 2: Stonewall Workplace Equality Index

Appendix 3: Equality Strategy Consultation Report

Appendix 4: DPIA

Appendix 5: Equality Analysis

Appendix 6: Draft Equality Strategy

BACKGROUND PAPERS: None

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Equality Peer Challenge
London Borough of Croydon Council
Report
4-7 November 2019



1. Background

The London Borough of Croydon (LBC) asked the Local Government Association (LGA) to conduct an Equality Peer Challenge against the “Achieving” level of the Equality Framework for Local Government. This report is a summary of the peer team’s findings. The Peer Challenge is designed to validate a council’s own self-assessment by considering documentary evidence and carrying out a series of interviews and focus groups with employees and other stakeholders.

The basis for the Peer Challenge is a benchmark against five areas of performance. They are:

- Knowing your communities
- Leadership, partnership and organisational commitment
- Involving your communities
- Responsive services and customer care
- A skilled and committed workforce

The Peer Challenge is not an inspection; rather it offers an external assessment by critical friends who have experience of delivering an equality/diversity agenda in their own councils.

Peers were:

Councillor Brigid Jones – Birmingham City Council
Sam Johnson – BCP Council
Akua Agyepong - Kent County Council
John Cowings – Derbyshire County Council
Gill Elliott – Local Government Association
Laura Wilson – Local Government Association (Shadow peer –part)

The team appreciates the welcome and hospitality provided by the Council and would like to thank everybody that they met during the process for their time and contributions.

Executive Summary

Following this Equality Peer Challenge, we have reached the following conclusion:

The London Borough of Croydon has completed a satisfactory self-assessment against the criteria for the Achieving level of the Equality Framework.

We were impressed by the strong commitment to equality from political and organisational leaders within the Council. The two cabinet members with lead responsibility for equality are seen as highly effective in bringing about positive changes. Member champions for diversity bring energy, passion and leadership on a number of equality issues. In 2014 the Executive Leadership team did not reflect the borough or the workforce. Now it is visually diverse and members of the Executive Leadership team are serving as role models for the rest of the organisation. The Chief Executive is widely credited with accelerating the positive culture change and prioritisation of equality, diversity and inclusion in the Council. Managers across the authority spoke confidently and with excitement about their work to advance equality of opportunity.

There is a clear link between equality, diversity and inclusion and the council's ambitions, from the political administration's manifesto to the corporate plan to cabinet responsibilities. Equality governance is spread across the Council and includes the corporate leadership team, Cabinet, the members' equality and oversight group and staff equality networks. Equality scrutiny mainly takes place when particular policies are taken to a scrutiny committee. However, scrutiny on equality more generally could be strengthened by making one of the existing scrutiny committees responsible for monitoring the outcomes of the equality strategy and achievement of its objectives. The equality staff networks are well supported and are really making a difference to the progression of equality within the organisation.

The Council's support for equality and diversity is visible in the community. It supports and participates in numerous celebrations and events including Pridfest, Mela and Diwali. LBC has strong partnerships with its statutory partners and the voluntary and community sector (VCS). Organisations representing the VCS feel that they are equal partners with the Council and that they are consulted with and can influence the decisions of the Council through the Local Strategic Partnership (LSP). We heard about many good examples of how the Council works well with its partners to deliver services, including the introduction of Integrated Community Networks and community-based multi-disciplinary interventions as part of the One Alliance partnership between the Council, health partners and Age UK Croydon. Another excellent partnership is Croydon Works, a job brokerage partnership between the Council, Croydon College and Job Centre Plus. It was set up to ensure disadvantaged Croydon residents are able to access the job and training opportunities that will be created by the regeneration Croydon is set to see over the next few years.

Use of data is an important and an improving element of the Council's operations. It collects and uses a wealth of data from a wide range of sources including health and

other partners. Data is utilised effectively to support the Council's new localities-based approach to service delivery. Services are starting to be tailored to meet the needs of communities and are responsive in the recognition of the various inequalities, needs, strengths and characteristics in each. This connected community approach is being piloted in three specific areas – North Croydon, New Addington and South Croydon. However, there are still some challenges around data sharing, particularly with health partners.

There are almost 400,000 residents in the borough which is estimated to rise to approximately 445,000 by 2031. Nearly 51.7% of Croydon's residents identify as BAME and reside mainly in the north of the borough. The resident profile of the south is significantly less diverse than their northern neighbours. LBC has a good understanding of its communities, including the BAME community, although we found that this knowledge is not consistent across all services and the Council works hard to involve its community in the development of services. The participation of young people is particularly strong.

The Council is keen to improve access to its services. The Gateway approach focuses on the broader, holistic needs of people and aims to reduce the barriers to and between services. One of its portals, the Family Centre was highly praised by service users and described as "amazing", for its "can do – solution focussed" approach. The Council has plans to improve the customer service at Access Croydon in terms of its physical layout, IT provision and staff resources. Good progress has been made on the plan, and priority should be given to ensuring that funds are available for the remainder of the plan to be implemented without undue delay. Staff reported feeling empowered to be responsive to customer needs but worry about the impact of the time this takes on performance measures and are acutely aware of the limitations of the current offer.

Equality Impact Assessments (EIA) are integrated systematically into service planning and decision making across the organisation. However, the quality of EIAs overall still needs to be improved. The quality of analysis is variable and assumptions are being made in some EIAs where there is no data to support them.

It is very clear that the Council has embarked on significant culture change within the organisation. A staff survey in 2017 found that whilst the vast majority (91%) were proud to work for the local authority, 41% felt bullied, harassed or discriminated against. Workforce data also showed that minority groups such as BAME, people with disabilities and LGBT staff were not representative of the community at senior levels of the organisation.

The council commissioned an external review of its workforce policies and practices, and all 17 of the recommendations from the review – on issues including recruitment, appraisal, codes of conduct and training and development – were incorporated into a new Workforce Strategy. Diverse recruitment panels have been put in place for senior appointments. There is targeted leadership development for BAME and women and plans in place for leadership development for disabled staff. Around a third of staff who have attended these programmes have already been promoted within the organisation. However, the appraisal process, which is no longer linked to

pay, still has an over representation of BAME staff in the lower quadrants. Levels of BAME grievances have fallen but are still too high and black men are still not progressing in the organisation at the same rate as their female counterparts. Further exploration to determine why this is the case should be undertaken and action taken, to address this incongruity.

Rates of non- disclosure about protected characteristics by staff are 34% for all protected characteristics including sex and race. The organisation has undertaken some work to increase disclosure rates and plans to build on this work this year.

The Council offers a wide range of learning and development opportunities for staff around equality and diversity issues with some equality training for new starters and managers being mandatory. Despite this, some staff were not aware of the council's equality objectives, though they had been in place since 2016. This could be addressed as part of the service planning process and with better internal communication via the intranet, team briefings and staff networks and noticeboards.

Staff feel well supported by their managers, but this is not consistent across the whole organisation. We heard that some requests for reasonable adjustments from disabled staff are being treated more as recommendations by managers and not as measures they are required to take. BAME and disabled employees are still disproportionately involved in disciplinary and grievances procedures.

We found some outstanding and even exemplary HR practices and policies. The organisation is Level 2 of "Disability Confident". It pays employees the London Living Wage and encourages other employers in the borough to do the same with its Good Employer Charter. The Council has a low gender pay gap of 1.6%. It also measures disability and ethnicity pay gaps (ahead of legislative requirements, demonstrating that it recognises inequality in pay beyond single characteristics). Croydon was the first council to publish menopause guidance and this has already had positive outcomes in the workplace. The apprenticeship scheme is very accessible and has a high proportion of apprentices with a learning disability. There are good industrial relationships with the Trade Unions, with opportunities to harness the resources of the trade unions to positively contribute to the equality agenda.

2. The Council made the following observations on the impact of the peer challenge:

Croydon has equality and diversity set at the very heart of our borough. We are very proud of our borough, its diverse mix of people and places that makes it a great place to live and work. Our ambition is to ensure growth that benefits all in the borough, and improving equality of, and access to, opportunity. This is set out in our Opportunity and Fairness Commission report, and embedded in

our Community Strategy, Corporate Plan and supporting strategies. The organisation has made great strides in responding to and delivering against the strategies and plans.

Our vision is to be a high performing organisation that is collaborative, inclusive and innovative, that allows talent to flourish and builds our workforce capability to meet our ambitions and reflect our community - where everyone can speak up, speak out and have a voice in the future direction of the organisation - where fairness and justice feel real, and where bullying, harassment and discrimination are not tolerated.

We are proud of the actions we have taken to date and recognise we have much more to do. This is why the Council proactively sought to undertake the Equality Framework for Local Government (EFLG) Accreditation. The process and our external assessment have helped us to identify and confirm what we do really well and where we need to improve.

We would like to thank the peer team for their time and effort and look forward to working with the LGA to drive through our improvement plan and deliver better equality outcomes for our staff, residents and communities.

3. Detailed findings

3.1 Knowing your communities

LBC's operating model is based on six key themes which set out the way the council wants to deliver its services to ensure that it achieves the best outcomes for residents. The first theme is 'evidence is key.' It tasks the organisation with ensuring that data and evidence is used to inform the development of key priorities and future service design. In 2016, the Council commissioned an Opportunity and Fairness Commission (OFC) to survey residents on their feelings about poverty and inequality to examine issues affecting the Borough such as deprivation. The work of the OFC has since supported the Council's ambition to reduce inequality and promote fairness for all communities, leading to the development of the Opportunity and Fairness Plan 2016-2020 setting out the council's equality objectives. This drew on information from the Borough Profile, Index of Multiple Deprivation, as well as the views of 3,000 people including staff, residents, local businesses, community and voluntary organisations.

The Council currently gathers, stores and uses a wealth of data from a wide range of sources including health and other partners, the Croydon Observatory, JSNA, Office of National Statistics, Census, public health data, and locality mapping. There are shared data sets across key partners, for example Job Centre Plus and Croydon Working. The One Croydon Alliance on health issues has shared data protocols and there is parity of esteem amongst its members. Its data informs the Council's localities work. Members have a good understanding of their communities and contribute soft intelligence and information about their wards.

There are still challenges around data sharing, particularly with health partners and some of the Council's data is inconsistent with that of partners. For example, the number of people with a learning disability in the borough and the number of unaccompanied asylum seeker children. Data storage appeared to be somewhat ad hoc and not all in one place or easily accessible to services. The Insight, Data and Performance Team is skilled at challenging stereotypes, recognising gaps in knowledge and double-checking what data is really saying by consulting with communities. There has been an intelligent evidenced based response to issues, for example the Violence Reduction Partnership and the Vulnerable Adolescents Review which has informed real changes in practice. Data is being used to improve services, for example school admissions.

In following the 'evidence is key' theme, the Council recognised that it needed to develop a detailed data picture of each locality area to combat inequality. This led to the development of its localities based working approach as one key response to the effects of austerity and different levels of vulnerability and need in the borough. Data and intelligence are used to determine the priorities in each area. The approach is helping to tailor services to communities most in need. It has involved adapting the way that the Council delivers and commissions services to respond to the various inequality, needs, strengths and characteristics in each of its communities. The approach is being piloted in three areas – North Croydon, New Addington and South Croydon.

There are different levels of equality data collection/use depending on the service. Some services such as Children's and Adults Services are good at using equality data to develop links between services and improve services. For example, data was used to reduce the number of late applications for primary admissions. Following analysis of the data, the group of parents or carers most likely to make late applications for primary school was identified. Specific communication channels and opportunities were used in order to target the groups to reduce the number and increase the opportunity for parents to apply to their first preference school.

Not all managers are confident about interpreting equality data, although there has been some good work to address this. The data team are centrally managed, but they also work closely alongside services department spending part of their time co-located in the areas that they are serving and attending the management meetings of their departments to ensure that data is being shared and the team is focusing on areas of most impact. However, this does not always include sharing equalities data or focussing on areas of equalities need.

LBC does have an understanding of its BAME community but it needs to ensure that it fully understands the diversity of the various communities making up the 'BAME' community, for example Eastern European communities. Given the large numbers of BAME people in the borough it should be possible to present disaggregated data on BAME communities in council documents and other communications. The voluntary and community sector also said that the Council understands the sensitivities of different communities in the borough, for example supporting the use of food shops rather than food banks.

There are some gaps in the Council's knowledge of communities in the borough such as the LGBT+ community. Data in relation to these other protected characteristics seemed to be less well developed and utilised. The data used tended to be quantitative and it was not clear how the Council tapped into more qualitative and experience-based data from harder to reach protected characteristic groups. The authority may want to explore how it can develop better data on less familiar groups using a broader range of methods, including consultation and engaging directly. Engaging with smaller organisations that work with these communities or identifying partners who may already be delivering services in Croydon may help to fill these data gaps.

Recommendations

Ensure that any new systems capture all the protected characteristic data of service users and the community.

Consider how to provide all staff with the skills and confidence to collect and interpret protected characteristic data and understand the importance of that data.

Enable the data teams to share equalities data with service teams so that there is a greater focus on equality impact and need in these discussions.

3.2 Leadership, partnership and organisational commitment

There is strong commitment to equality from political and organisational leaders within the Council. They recognise that more needs to be done but there is a good level of pride and eagerness to learn and improve. Both the Chief Executive and the Leader have an "open door" policy. Member champions for diversity bring energy, passion and leadership to particular issues such as autism, mental health, dementia and BAME. The borough has declared itself a "White Ribbon" borough to highlight the issue of domestic violence. The Leader is a White Ribbon ambassador and a champion for the LGBT community. The Chief Executive is widely credited with accelerating the positive culture change in the organisation. She is seen very much as a role model and staff praised her for her visibility within the organisation and her willingness to talk to staff. There is a visually diverse leadership team which has had a positive impact on staff.

The new administration has led a clear shift in making equality and inclusion a priority. There has also been a strong drive on early intervention and prevention work via the Localities model. There is a clear link between equality, diversity and inclusion and the council's ambitions, from the political administration's manifesto to the corporate plan to cabinet responsibilities. The Corporate Plan 2018-2022 sets out commitments to ensure that no community is left behind. The plan outlines its key priorities, one of which is to continue to eradicate inequality and ensure that Croydon is a place where all have the opportunity to live, work and flourish.

Progress is monitored at the members' equality and diversity oversight group. Cabinet members understand their areas and could talk in detail about what is needed. Both the named cabinet members with lead responsibility for equality are widely praised for their leadership and support of the issue.

Other elements of equality governance at LBC include the corporate leadership team, the six staff equality networks and Cabinet. The Culture Board brings together all that the council does to make sure that it has the right people, with the right skills doing the right jobs to deliver better outcomes for local people. Membership includes the Chief Executive, Executive Leadership Team, Chairs and Sponsors of the Staff Diversity Networks, Equalities Manager and representation from Human Resources, organisational development and communications. The organisation is currently in the process of refreshing its Culture Board. The Council may consider establishing a service level steering group (constituted with Assistant Directors) to ensure that services have equality at the forefront of their work when developing and delivering their service plans. The Council might also consider reviewing the level of resourcing for the corporate equality function to provide some support for the one equality officer.

Opposition members feel much less engaged with the equality and diversity agenda. Those we spoke to said that they would like to be more involved. Several councillors raised concerns about the increased adversarial nature of politics between members and from the public, particularly at Council and planning committee. It is important to ensure that all representatives of LBC live up to its values and behaviours, and support members to do so. The Council wants to encourage people from all parts of the community to take part in civic life as councillors and in the community, but people with a protected characteristic may well be put off if there are obvious tensions and poor standards of behaviour between Council members. Consideration should be given to training for chairs of meetings to recognise and handle inappropriate behaviour. Any efforts to reduce tensions should be on a cross party basis. The Council is aware of the issues that have been raised and are currently addressing them via a governance review. The review is making recommendations around democratic engagement with the population and greater backbench involvement in decision making and policy development.

There is no overview and scrutiny committee with equality and diversity specifically in its remit, although scrutiny committees do take equality issues into account when considering reports. Examples include the workforce strategy, the parking policy and the night time economy. The Chief Executive also takes an annual report to scrutiny that includes equality issues. It is important that scrutiny members continue to consider the equality implications of reports they look at, and the Council could also consider giving one of the existing scrutiny committees the responsibility for scrutinising progress against the equality strategy and objectives.

The Council has strong partnerships with its statutory partners and the voluntary and community sector (VCS). The Council's VCS strategy sets clear priorities for joint work. Despite reductions in Council budgets, its support for the work of the VCS has been preserved. Sector representatives praised the involvement and engagement of

individual council members with the work of their member organisations across the borough. They feel that the Council understands the role of the VCS as a “broker” between the community and the council. They described how they work with the Council to get messages out to their communities at times of crisis, such as after stabbings or hate crimes.

Much of the VCS has also started to adopt the localities model of working. Umbrella organisations for the sector now feel that they have more of an equal voice “at the table” and that they are consulted with and can influence the decisions of the council and other partners via the Local Strategic Partnership. They see themselves as a critical friend to the local authority. They understand that many of the council’s services are now being accessed online but also feel that there needs to be more investment from the council in ensuring that residents have the right digital skills.

There was a general view expressed by most of the voluntary sector organisations we spoke to that the high turnover of commissioning/contract management staff in the council makes relationship management harder to maintain as new staff do not understand their issues. Better handover arrangements would help to alleviate this. Some VCS organisations feel that commissioning officers do not always understand the culture and context they are operating in. They gave the example of complex monitoring for organisations receiving very small amounts of funding. VCS organisations would also like greater clarity on how they can get access to being based in council buildings. They felt that the current system is rather obscure and perhaps based on who you know in the council. We understand the Council is already addressing these two points. Recommissioning of the community fund was designed based on VCS feedback and the monitoring is much lighter for those on lower funding levels. There is a draft policy going to Cabinet, which sets out clear and transparent approach to property and property subsidies.

Procurement and commissioning is being used effectively to deliver equality outcomes. LBCs values are fed into tender specifications. Contracts in excess of £100,000 are assessed with equality metrics. Service providers are required to collect equality monitoring data and provide equality training to their staff. Potential contractors are required to provide apprenticeships where possible for those who are furthest from the job market or from hard to reach groups. LBC has signed up to the Anti-Slavery Charter and the Construction Charter and insist that those who deliver services on their behalf have proper whistleblowing policies and procedures in place to reduce exploitation and discrimination. LBC has been successful in ‘disrupting’ the market which has led to increased wages for carers and better quality adult social care. It asks providers to work to similar objectives through a Suppliers Code which requires suppliers to pay the London Living Wage. This has worked particularly well in the Health Care Sector where it is impacting on BAME people who are over represented in the care sector. Larger council contracts are frequently broken into smaller lots so local companies can get access to them such as pest control and cleaning services.

The Council supports and participates in numerous celebrations and events including Pridefest, Mela and Diwali. It has recognised that celebrating diversity is also a good opportunity to showcase local businesses and boost the local economy. An example of this are the events held in Surrey St Market during Black History Month.

The quality, use and outcomes of Equality Impact Assessments (EIAs) still needs to be improved. Several that the peer team saw lack analysis and assumptions are being made where there is no data to support them. Intelligence from frontline staff is not routinely used to inform analysis. There needs to be earlier engagement with communities about EIAs. Too many EIAs record that, “everyone has equal access to this service” for all protected characteristics. There is concern from opposition members that EIAs are never mentioned at Cabinet and changes to proposals as a result of EIAs are never very evident. The implementation of outcomes needs to be monitored with heads of service and executive directors being held accountable for the outcome.

Recommendations

Consider establishing a service level steering group (constituted with Assistant Directors) to ensure that services have equality at the forefront of their work when developing and delivering their service plans.

Strengthen scrutiny on equality more generally by making one of the existing scrutiny committees responsible for monitoring the outcomes of the equality strategy and achievement of its objectives.

Consider how the council can assess outcomes for contracts in excess of £100,000 using equality metrics as well as contract monitoring in relation to collecting equality information and providing equality training for staff. There is a need for consistency across the organisation and support to ensure this is happening.

Review the level of resourcing for the corporate equality function to provide some support for the one equality officer. Increased organisational capacity would also help to improve EIA monitoring within services.

3.3 Involving your communities

There are some good examples of how the council involves its communities in developing and delivering services. The Get Involved consultation platform enables residents to influence policy making via an app, PC or tablet. There is also more direct engagement, for example staff went out to the Whitgift Centre to consult with the public face to face about changes to the provision of respite services. There was community involvement in the closure of homes that provided overnight respite care services and redirection of funding to the Cherry Hub.

It is important to consult with the broadest possible range of people. We heard from VCS partners and staff that the Council is not talking to the more hidden communities such as LGBT people or people from A8 countries such as Poland and

Latvia. It is also important for less obvious partners to be involved such as young carers in the One Croydon Alliance. Not all consultations have equality impact assessments and this is something the council wants to address. Using equality analysis can help to identify potential consultees who may not be immediately obvious. The Council would benefit from developing links with smaller communities to help inform understanding of their needs and incorporate them into the development of services.

The Council needs to ensure that communities and service users are informed of the outcomes of consultations. We heard from one organisation that they had contributed to consultation for the “Walk in Our Shoes” report, were informed of the subsequent recommendations and felt listened to at the time but were not informed of the outcomes or if any of the recommendations have been taken forward at all.

The participation of young people in representing this group is particularly strong. There are many opportunities for them to be involved in developing and improving services for young people. Examples include the Young Director Apprenticeships, the Forum for Special Educational Needs, the Youth Offending Forum, Total Respect training where young people train council staff and members, the Youth mayor and the Care Leavers Forum. The new Children in Care forum EMPIRE is very active and represents diversity well.

Community Ward budgets are a useful tool for members to get involved and to give local residents a say in how the money is spent in their areas. It might be a good idea for the Council to consider developing some criteria for what the community budgets are spent on to ensure that projects are contributing to their own strategies and meeting the most need in the borough rather than an individual councillor’s preferred project.

The Asset Based Community Development approach is welcomed by some in the voluntary sector as a way of empowering and involving people. Most felt that it was working well. The Council does need to consider that communities with fewer assets might need more support and services.

It will be important for the Council to continue developing its approach to communications to improve access to services. Take up of some services is low, for example, personal payments. The Council should continue to improve and maximise communication channels both internally and externally. It may wish to explore how it can develop engagement opportunities for smaller less visible communities with a protected characteristic, using conversations and smaller scale engagement to help shape its services to those communities.

Recommendations

Ensure that all consultations have an EIA. This is important due to potential legal implications relating to meeting PSED and Gunning Principles. The organisation should also monitor participation on consultation so that they know which communities are not engaging.

Develop links with smaller communities in the borough to provide better understanding of their needs when developing services.

Ensure that communities and service users are informed of the outcomes of consultations.

Develop some criteria for what community budgets should be spent on to ensure that projects are contributing to the Council's own strategies and meeting the most need in the borough.

3.4 Responsive services and customer care

There is a clear intent to link services to the equality agenda. Service delivery plans set out how their services will contribute to the corporate plan and the equality objectives, as well as indicating how equality and diversity data has been used to plan services. Some services are less good at identifying the link with equality, but staff felt that there could be a stronger focus on the equality outcomes of service delivery. Conversations have been held with the community to identify diverse needs that can be met with targeted interventions. Services include credit membership of food shops instead of food banks that sit alongside a range of other frontline services making them more accessible.

The Localities approach is a desire to shift services away from "One size fits all". It is already working in the three areas where there is the most need. Children's Services and Education are moving to locality working to make services more tailored and responsive to local need and address differences. An example of a good tailored project is St Mary's School and pupil referral unit which targets resource to address intense pupil need. As the localities approach is expanded it will be important to ensure that services are responsive to the needs of the whole borough including the south and that the area-based approach doesn't create new inequality. The Council may wish to consider auditing access for people across the borough to ensure that those outside the areas where services have been prioritised are enjoying the levels of access they require.

There are many good examples of how the Council recognises the nuances of its different communities and works well with its partners to deliver services which are meeting diverse needs. For example

- domestic violence groups for Asian women
- knife crime workshops
- early services for children and families linking them to VCS support to prevent crisis.
- work with landlords to create affordable housing and also tackling poor housing

- schools are being encouraged to work in partnership with the Information, Communication, Technology (ICT) sector to improve diversity in the sector
- the dominoes club to engage with afro-Caribbean men
- Tamil men's group
- Refugee Support Centre

We also heard about initiatives the Council is investing in to save money in the future and achieving better outcomes. Unaccompanied young asylum seekers aged 16-18 are being placed in foster care rather than supported living. Although it is more costly, it saves money in the long term and gives better outcomes for the young people because supported living accommodation can become a magnet for exploitation. An Unsuitable Housing fund has been created to provide homes for families where their accommodation is unsuitable and where children might have been taken into care. The initiative keeps families together and has made savings of around £420,000.

There is currently no real sense of how accessible services are across the borough. For example, officers recognise that there is a gap in LGBT+ health provision. They also recognise that they could make better use of Member expertise. Staff also said that they could provide more responsive services if they had more information and insight about other services in the Council. They felt that there should be better communications between departments to improve the customer experience with more sharing of and access to information, within the boundaries of GDPR.

The Council is keen to improve access to its services. Its Gateway approach enables a focus on the broader, holistic needs of people and reduces the barriers between services. One of its portals, the Family Centre, is praised by service users for its “can do – solution focussed” approach. It provides a gateway to a range of services for communities which may not have traditionally engaged with the council or specific services because of cultural or other reasons. One service user commenting about a member of staff said “She did in 5 hours what nobody had done for me in 5 years”. The Council has a policy of sharing buildings with key partners to make access to services easier. For example, the Department for Work and Pensions (DWP) is located at Access Croydon in the Council's main building. Council welfare advisers actively help people with their DWP claims.

There are plans to improve service delivery at Access Croydon in terms of the physical layout, IT and staff resources to provide responsive services and improve the outcomes for the people who attend. An equality audit had identified that staff were working in a hostile environment and that the customer experience was poor. Changes have already been made such as the removal of telephones from walls to make them more accessible and the relocation of the credit union to a more discreet area to provide better privacy for customers. Personal space has been improved to support vulnerable people such as survivors of domestic violence, which has

enabled services to be provided with respect and accessed with more dignity. There is a strong emphasis on developing staff to be able to meet customer needs, for example Family Centre Staff will be training the Gateway Team at Access Croydon making good use of their expertise and good practices to improve services. Staff feel empowered to be responsive to customer needs but worry about the impact of the time this takes on performance measures. The Council should consider whether services to meet equality needs are adequately resourced in the Contact Centre. The opening hours of the Contact Centre 08.00 to 4.00 Monday to Friday may not be responsive enough to all customer needs. We also heard that the out of hours contact facility is not always adequate.

The digital offer, with regard to the existing website, online services and internal systems needs to be more responsive to staff and customer needs. Staff have had an upgrade of their laptops but not to full functionality. Some web pages also need to be better, for example we were told by some staff that the My Account feature does not always work. We understand that staff have high quality equipment and core software - full enterprise suite of Microsoft Office 365 apps enabled, so it may be more an issue of training, capability and behavioural change as opposed to technology issues. The VCS thought that the Council could do more on digital services by providing more training and outreach for residents and taking longer to roll out new systems to enable people to adapt to new ways of working. There is a commitment to address these issues in the Council's Digital Strategy, published in July 2019 which is already being delivered.

Young people are involved in developing services and commissioning suppliers. The Young Commissioners Scheme enables the young people to score services. They are also listened to in recruitment processes. As a result, people like youth workers with lived experience of the young person's issues may be given preference over social workers.

Recommendations

Increase the focus on the equality outcomes of service delivery. Service delivery plans do set out how their services will contribute to the corporate plan and the equality objectives. However, services should not lose sight of the outcomes and the difference that is actually being made.

Consider auditing access to services across the borough to ensure that those outside the areas where services have been prioritised are enjoying the levels of access they require. This would include the south of the borough.

Enhance opportunities for greater communication between staff in different departments. This would allow for more sharing of and access to information, (within the boundaries of GDPR) to improve the customer experience.

Review the opening hours of the Contact Centre as they may not be responsive enough to all customer needs.

3.5 A skilled and committed workforce

It is very clear that the Council has embarked on significant culture change within the organisation. A staff survey in 2017 indicated that although the vast majority (91%) were proud to work for the local authority, 41% felt bullied, harassed or discriminated against.

The Council set out to gather more data and opinions from staff to find out what the issues were and where the barriers to making the workforce more diverse at all levels were. A consultant was employed to work with HR to undertake deep dive investigations and focus groups with staff. The work was overseen by Members. The result was 17 recommendations which have been incorporated into a new Workforce Strategy. Amongst the recommendations were diverse recruitment panels, a new appraisal process and codes of conduct for staff and Members.

The staff we spoke to understand that the Council is on an improvement journey and are proud to work for Croydon and “proud to serve”. They feel that the Council has exceeded their expectations as an employer. In 2014 the Executive Leadership team was all white. Now it is visually more diverse and members of the Executive Leadership team are serving as role models for the rest of the organisation.

Targeted leadership development for BAME and women has already started to see results. 33% of the 75 BAME staff and 37% of women who took part in the programme have either been promoted, seconded or had a new interim post. There are also more opportunities for coaching and mentoring for all staff. The Council is working on reciprocal arrangements with neighbouring boroughs to deliver on the recommendation for diverse recruitment panels. The appraisal process is no longer linked to pay, however BAME staff are still over represented in the lowest quadrants. Whilst levels of BAME grievances have fallen they are still too high. Despite all these initiatives black men still do not appear to be progressing at the same rate as their female counterparts. Further exploration of the reasons for this is required.

The Council has a baseline of workforce data to measure improvements. However, despite a high-profile campaign, rates of disclosure are still very low at around 34% for all protected characteristics, including gender and race. This is unusual as it is more common to have low disclosure for sexual orientation, religion and disability. Problems with the computer system may account for some of this but we also heard from staff that people are worried that disclosure of protected characteristics will impact negatively on them in restructuring exercises or the attitude of their manager. The organisation needs to improve its level of disclosure against the equality monitoring data and it has started to address this. It also needs to review the presentation of workforce data to more easily identify where action is needed. The organisation has been responsive to the previous staff survey by planning to use an external provider for the next survey to reassure staff about anonymity.

Spending on learning and development has been increased to take account of the culture change and new approaches to service delivery such as the localities approach. There are a wide range of learning and development opportunities for staff around equality and diversity issues, such as mental health first aid, and

unconscious bias training. However, there was no planned training around LGBT issues or the development of guidance for the support of transgender staff. Equality training for new starters is mandatory, as are some equality training modules for managers. We found that staff were not generally aware of the council's equality objectives, although they had been in place since 2016. This could be addressed through the service planning process and with better internal communication via the intranet, team briefings and staff noticeboards.

Some staff feel well supported by their managers, but this is not consistent across the whole organisation. Concerns were raised with the peer team that HR policies on sickness, lateness, training opportunities and performance management are not being applied consistently by managers and this is contributing to a sense of inequality and resentment amongst some staff. We heard that some requests for reasonable adjustments from disabled staff are being treated as recommendations by managers and not measures they are required to take. BAME and disabled employees are still disproportionately involved in disciplinary and grievances procedures.

The Council has six equality staff networks covering women, disability, working carers, LGBT, BAME and mental health and wellbeing. They are robust, well supported and are really making a difference to equality in the organisation. Each network has a senior manager as a sponsor and each has a budget of £1,500. They also collaborate on events and other initiatives like the annual diversity conference. This intersectional work could be capitalised further to ensure the outcomes of people are improved. Members of staff network groups felt that their opinions were valued, that they were able to influence the development of policies and working practice. Staff networks say that they have been key to changing the conversations about mental health at LBC. The BAME group had developed their own booklet for its members and to raise awareness and myth bust across the organisation thereby improving relations between those who share a protected characteristic and those who do not. Network groups felt they were recognised for their contributions. Although being active in a network has been incorporated into appraisal processes, frontline staff were concerned that they are not always able to attend staff networks. More early warning about dates of meetings/events would help them to plan their attendance.

There are some examples of good HR practice that is contributing to equality in the Council. The organisation is Level 2 of "Disability Confident". It pays employees the London Living Wage and encourages other employers in the borough to do the same with its Good Employer Charter. The Council has a low gender pay gap of 1.6%. It goes beyond the pay gap legal requirements to also measure disability and ethnicity pay gaps. Croydon was the first council to publish menopause guidance and this has already had positive outcomes in the workplace. The apprenticeship scheme has been a very positive and well planned initiative. It has made good use of relationships with contractors. The scheme is deliberately accessible and has a high proportion of apprentices with a learning disability.

There are good industrial relationships with the Trade Unions and there are opportunities to harness the resources of the trade unions to positively contribute to the equality agenda. The trade unions could also be involved more in developing the council's work on equality and diversity.

It was not clear what arrangements there are for translators and interpreters to provide these services for customers engaging with council services. The Council may wish to explore whether it could use the language skills of its frontline and other staff to ensure quick access to interpreting and translation, whilst ensuring that proper arrangements remain in place when qualified and trained interpreters are required, including for Deaf people.

Recommendations

Undertake further investigation into the reasons why black male employees are still not progressing in the organisation at the same rate as their female counterparts and why BAME staff are over represented in the lowest quadrants of the appraisal results.

Consider ways to increase staff awareness of the council's equality objectives, possibly through the service planning process and internal communication via the intranet, team briefings and staff noticeboards.

Address the inconsistencies in the way HR policies such as sickness, lateness, training opportunities, performance management and reasonable adjustments are being applied by some managers across the organisation.

Ensure that frontline staff are able to attend staff networks, perhaps by giving more early warning about dates of meetings/events to help staff plan their attendance. Increase the opportunities for joint working between networks.

Review the use of translators and interpreters to ensure that the Council is using the most cost effective ways of providing these services.

4. Signposting to good practice elsewhere

Equality Impact Assessments

Rochdale Council has a robust system in place for ensuring that equality impact assessments are undertaken when required and for quality assuring these assessments. It implemented the Mod Gov electronic report management system in June 2014 which ensures that all reports meet Council requirements and are checked and signed off by Legal, HR, Equality, Finance and the Relevant Director of Service before the report proceeds to the relevant committee meeting. Ongoing advice and feedback is provided to managers on the quality of their equality impact assessments.

Contact: Rochdale Borough Council

Social Value Indicators

Good practice examples are Knowsley and Oldham Borough Councils.



Knowsley Social
Value Outcomes Matr

Incorporating equality into business planning



Management cycle
matrix.docx

Specific talent management programme for BME by HMRC and the University of Manchester example. They were both winners in the 2014 Race for Opportunity categories re: staff/workforce.

<http://raceforopportunity.bitc.org.uk/tools-case-studies/case-studies/awards-2014-developing-talent-award-progression-hm-revenue-customs>

<http://raceforopportunity.bitc.org.uk/tools-case-studies/case-studies/awards-2014-transparency-monitoring-and-action-award-university>

London Councils has produced an excellent report on the impact of changes to disability benefits on eligibility for Council services.

<http://www.londoncouncils.gov.uk/policylobbying/welfarereforms/resources/disabilitybenefitreform.htm>

Disability Rights UK has produced guidance for local authorities on inclusive communities and involving disabled people.

<http://www.disabilityrightsuk.org/sites/default/files/pdf/1%20%20InclusivecommunitiesLAguide.pdf>

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Croydon Council: Workplace Equality Index 2020 Feedback

Congratulations on taking part in Stonewall’s 2020 Workplace Equality Index. As an employer that has taken the time to participate, you’ve demonstrated commitment to your LGBT staff and the wider LGBT community. In this report you will find feedback from Stonewall to help you plan your year ahead to drive forward LGBT inclusion in your workplace.

What this report contains

This report is specific to your organisation. It gives you the following information:-

- Your overall score
- Your overall rank, and rank within the local government sector
- Your performance on key questions for bi and trans staff
- Your scores in the ten sections of your submission
- A short qualitative summary of your performance in each section
- Comparison data for different groups of entrants:-
 - All entrants
 - Entrants in the local government sector
 - Top 100
 - Top 100 threshold: those ranked one hundred to eighty-five, typical of organisations newly entering the Top 100

Additional information will be provided to you on the staff feedback questionnaire that you sent to your employees:-

- How your employees responded to key questions about LGBT equality
- How employees of similar organisations in the local government sector and your region responded

How to use this report

Your Stonewall Account Manager will organise a feedback meeting with you to talk through the strengths and weaknesses of your current LGBT inclusion work, best practice and give you tips for action planning in the future. During this meeting, the Account Manager go through the work that is most relevant to your organisation.

You should use this report, along with the verbal feedback from your Account Manager to make the short and long-term changes necessary to drive inclusion in your workplace.

Score and rank

- Total score: 101.5
- Rank: 148th
- Local government sector rank: 15th
- Local government sector entrants: 33
- Bi inclusion score: 47%
- Trans inclusion score: 49%

Quick facts

- Over 500 organisations took part
- 109 820 people responded to the Staff Feedback Questionnaire
- The average Top 100 score is 137.5
- The average Top 100 Bi Inclusion Score is 67%
- The average Top 100 Trans Inclusion Score is 60%

Summary and overview

The below table gives you a summary of how you scored across the ten sections of the Workplace Equality Index.

Section	Your score	Total marks	Marks claimed	Marks claimed not awarded	Marks available not awarded	Averages	All entrants	Local government	Top 100	Top 100 Threshold Entrants
1 Policies and benefits	11.5	15	15	3.5	3.5		6.5	6.5	10.5	10.5
2 The employee lifecycle	14.5	27	26	11.5	12.5		10	11.5	17.5	15
3 LGBT employee network group	11	22	22	11	11		9.5	10.5	17	14.5
4 Allies and role models	6	22	15.5	9.5	16		7.5	8	14.5	13
5 Senior leadership	11.5	17	17	5.5	5.5		6	7	12.5	11
6 Monitoring	6	21	12	6	15		6	7	10.5	8.5
7 Procurement	6	17	15	9	11		4	6	10.5	8.5
8 Community engagement	14	20	20	6	6		9	12	15.5	13.5
9 Clients, customers and service users	7	17	14	7	10		6	6	12.5	9.5
10 Additional work	2	2	2	0	0		0.5	1	1	1
Staff feedback questionnaire	12	20	n/a		8		10.5	8	16	16

- **Your score** – the number of points allocated based on the answers and evidence provided
- **Total marks** – the number of points available in that section
- **Marks claimed** – the number of marks that your organisation claimed in the submission[†]
- **Marks claimed, not awarded** – the difference between marks claimed and your score
- **Marks available, not awarded** – the difference between marks available and your score
- **Averages** – mean averages of the scores awarded to...
 - **All entrants** – all organisations, over 500, who entered the Workplace Equality Index 2020
 - **Local government sector** – all organisations which entered in the local government sector
 - **Top 100** – all organisations which ranked in the Top 100 employers
 - **Top 100 Threshold** – all organisations which ranked between 100 and 85, the typical score of an organisation that is newly entering the Top 100

[†] If this number is less than your score this shows that the evidence you submitted is worth more points than you claimed

[†] Referred to in previous reports as 'self-score'

Section 1: Policies and benefits

This section examines the policies and benefits the organisation has in place to support LGBT staff. The questions scrutinise the policy audit process, policy content and communication.

Section	Your score	Total marks	Marks claimed	Marks claimed not awarded	Marks available not awarded	Averages	All entrants	Local entrants	Top 100	Top 100 Threshold
1 Policies and benefits	11.5	15	15	3.5	3.5		6.5	6.5	10.5	10.5

Feedback from your marker

Overall, there's some great work in this section and your policies are LGBT inclusive and consistently so. We need further evidence that the audit process ensures that language is gender neutral and explicitly inclusive of LGBT people in policies (beyond a standard EIA process).

In order to award for explicit bans on discrimination, bullying and harassment and to ensure you are inclusive of all Bi identities, we require explicit examples of homophobic, biphobic and transphobic incidents. The Stonewall 'Inclusive Policy Toolkit' can support with this.

Your notes

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Stonewall opportunities

Best practice guides are available to you, as a Stonewall Diversity Champion for free. Talk to your account manager about how to best use these resources.

Open programmes are available for up to three people from Croydon Council to attend. Trans allies is available in [London on the 28th of April](#) and in [Liverpool on the 25th of June](#). Open Programmes are available as part of the Scotland Empowerment Week from [18th to 22nd May in Scotland and the north-east of England](#).

Section 2: The employee lifecycle

This section examines the employee lifecycle within the organisation; from attraction and recruitment through to employee development. The questions scrutinise how you engage and support employees throughout their journey in your workplace.

Section	Your score	Total marks	Marks claimed	Marks claimed not awarded	Marks available not awarded	Averages	All entrants	Local government	Top 100	Top 100 Threshold
2 The employee lifecycle	14.5	27	26	11.5	12.5		10	11.5	17.5	15

Feedback from your marker

Provision of all-employee training at high rates is good, but some materials are potentially harmful, reinforcing gender binary stigmas against non-binary people, and are bi-exclusionary. It is also useful to include content warnings when slurs are used in communications, even as examples. Anti-discrimination training must make reference to both gender identity and sexual orientation, and not leave participants to join the dots.

In general, it is important to check all communications for trans-exclusionary, bi-exclusionary, and non-binary-exclusionary content.

We would like to see comprehensive information provided at application stage on the organisation's LGBT inclusion commitment and network.

Your notes

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Stonewall opportunities

London Workplace Conference is on the 3rd of April. [Tickets are available](#) for £349+VAT (or at our early bird rate of £309+VAT until the 21st Feb) for public-sector organisations.

Cymru Workplace Conference is on the 14th of February. [Tickets are available](#) for £110+VAT for public-sector organisations. Tickets can be bought on a buy-three-get-one-free basis.

Global dial-in tickets for London Workplace Conference [are available](#) for £50 (or three for £120), with discounts available to Global Diversity Champions.

Workplace Allies is an empowerment programme which [can be booked](#) to be run in-house for up to 36 delegates from Croydon Council.

Stonewall Workshops are available, on topics such as bi inclusion, trans inclusion, allyship, and leadership. Email conference@stonewall.org.uk.

Section 3: LGBT employee network group

This section examines the activity of your LGBT employee network group. The questions scrutinise its function within the organisation.

Section	Your score	Total marks	Marks claimed	Marks claimed not awarded	Marks available not awarded	Averages	All entrants	Local government	Top 100	Top 100 Threshold
3 LGBT employee network group	11	22	22	11	11		9.5	10.5	17	14.5

Feedback from your marker

The LGBT network is clearly both active and inclusive. Good work has been put into bi inclusion and trans inclusion.

Unfortunately, a lot of marks were lost here due to not updating the register of network group activity from last year, so almost all your examples were out of the date range. It is likely that the organisation would have scored highly here.

One issue to raise from the events listed in the 17/18 submission cycle is that bi-exclusionary events (e.g., lesbian or gay men-only) events are not best practice and can easily undo a lot of good bi inclusionary work.

There are some easy to fix issues, to use best-practice terms 'bi' rather than 'bisexual', 'ally' rather than 'heterosexual ally', and 'trans' rather than 'transgender', and to make an explicit statement of non-binary inclusion, possibly expanding the number of elected reps to include a non-binary rep.

Your notes

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Stonewall opportunities

Workplace Allies, Workplace Trans Allies and Workplace Role Models are empowerment programmes which [can be booked](#) to be run in-house for up to 36 delegates from Croydon Council.

LGBT Network Group Masterclass is available in June in Birmingham (email conference@stonewall.org.uk to reserve your place) and on [24th of April in Scotland](#).

Section 4: Allies and role models

This section examines the process of engaging allies and promoting role models. The questions scrutinise how the organisation empowers allies and role models and then the individual actions they take.

Section	Your score	Total marks	Marks claimed	Marks claimed not awarded	Marks available not awarded	Averages	All entrants	Local	Top 100	Top 100 Threshold
4 Allies and role models	6	22	15.5	9.5	16		7.5	8	14.5	13

Feedback from your marker

This section explores the organisation's work around empowering allies to be active in their support of the LGBT community, and empowering LGBT role models to be visible and inspire others. Profiles should state the identities of the profilees, and look to profile a wider range of identities, including bi, non-binary and trans identities. Stonewall can support with developing this area, through creating allies campaigns and programmes, and providing best practice examples of other organisations' role model profiling. Unfortunately, again in this section there were answers without the date provided and examples that were out of the date range – so we couldn't award. For example, none of your role model profiles included specific dates which we clearly ask for.

Your notes

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Stonewall opportunities

Inclusive Future Leaders is a tailored programme designed to form part of a graduate or management training programme, which [can be booked](#) in-house at Croydon Council.

Workplace programmes including [LGBT Role Models](#), [Allies](#) and [Trans Allies](#). They are available as open programmes for up to three people or the programmes can be booked to be run in-house for up to 36 delegates from Croydon Council. Open Programmes are available as part of the Scotland Empowerment Week from [18th to 22nd May in Scotland and the north-east of England](#).

Inclusive Leadership is a newly developed programme which will be made available from May, email empowerment@stonewall.org.uk for more information.

Section 5: Senior leadership

This section examines how the organisation engages senior leaders. The questions scrutinise how the organisation empowers senior leaders at different levels and the individual actions they take

Section	Your score	Total marks	Marks claimed	Marks claimed not awarded	Marks available not awarded	Averages	All entrants	Local	Top 100	Top 100 Threshold
5 Senior leadership	11.5	17	17	5.5	5.5		6	7	12.5	11

Feedback from your marker

There is a highly commendable degree of engagement, particularly at the SMT level, on both general LGBT topics and trans- specific topics.

Next steps are to further engage the board (Council & Cabinet) in LGBT inclusion, particularly in a visible way. It would also be useful to start on some bi-visibility specific work, where the organisation has no submitted work.

Your notes

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Stonewall opportunities

LGBT Leadership is an empowerment programme for LGBT leaders. Our [next open programme](#) is in London 15th to 17th of July, and can be [booked to be run](#) in-house for Croydon Council.

Inclusive Leadership is a newly developed programme which will be made available from May, email empowerment@stonewall.org.uk for more information.

Section 6: Monitoring

This section examines how the organisation monitors its employees. The questions scrutinise data collection methods, analysis and outcomes.

Section	Your score	Total marks	Marks claimed	Marks claimed not awarded	Marks available not awarded	Averages	All entrants	Local	Top 100	Top 100 Threshold
6 Monitoring	6	21	12	6	15		6	7	10.5	8.5

Feedback from your marker

Monitoring is both vital for understanding lesbian, gay, bi and trans (LGBT) employees and their needs. It is vital in this analysis not to conflate LGBT identities. Sexual orientation is distinct from gender identity, and trans people can be straight. It is also important not to conflate being LGBT with being lesbian or gay, and doing so is bi erasure which is a form of biphobia.

The question on sexual orientation is not currently best practice, Stonewall monitoring resources can support with this.

The question currently asked for 'Gender' should be changed as a matter of priority to reflect good practice.

We would like to see staff satisfaction data cut across sexual orientation and gender identity data to ensure the organisation knows whether LGBT staff experiences are worse, the same or better than non-LGBT staff, and for sexual orientation and gender identity to be monitored across pay grades.

Your notes

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Stonewall opportunities

Best practice guides are available to you, as a Stonewall Diversity Champion for free. Talk to your account manager about how to best use these resources.

London Workplace Conference includes a session on monitoring. It is held on the 3rd of April. [Tickets are available](#) for £349+VAT (or at our early bird rate of £309+VAT until the 21st Feb) for public-sector organisations.

Section 7: Procurement

This section examines how the organisation affects change in its supply chain. The questions scrutinise the steps taken to ensure LGBT inclusive suppliers are procured and held to account.

Section	Your score	Total marks	Marks claimed	Marks claimed not awarded	Marks available not awarded	Averages	All entrants	Local	Top 100	Top 100 Threshold
7 Procurement	6	17	15	9	11		4	6	10.5	8.5

Feedback from your marker

Training or guidance given to the procurement team should explicitly include LGBT equality in relation to procurement processes.

Pro-active scrutiny of policies, not just self-certification, is needed for scrutinising potential suppliers' documentation.

Working with local businesses, even outside of the supply chain, is an excellent initiative and very commendable work.

Your notes

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Stonewall opportunities

Best practice guides are available to you, as a Stonewall Diversity Champion for free. Talk to your account manager about how to best use these resources.

London Workplace Conference includes a session on procurement. It is held on the 3rd of April. [Tickets are available](#) for £349+VAT (or at our early bird rate of £309+VAT until the 21st Feb) for public-sector organisations.

Section 8: Community engagement

This section examines the outreach activity of the organisation. The questions scrutinise how the organisation demonstrates its commitment to the wider community and the positive impact it has.

Section	Your score	Total marks	Marks claimed	Marks claimed not awarded	Marks available not awarded	Averages	All entrants	Local	Top 100	Top 100 Threshold
8 Community engagement	14	20	20	6	6		9	12	15.5	13.5

Feedback from your marker

The organisation has a widespread and effective external collaboration strategy. It would be great to see documentation of bi and trans-specific work.

It would also be good to start seeing documentation of outcomes in this area: looking at participant feedback or reach of communications.

It would also be good to see an expansion of the existing good working, enhancing it's impact.

Your notes

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Stonewall opportunities

Your Stonewall account manager can advise on how to maximise your impact with community engagement.

London Workplace Conference includes a session on community engagement. It is on the 3rd of April.

[Tickets are available](#) for £349+VAT (or at our early bird rate of £309+VAT until the 21st Feb) for public-sector organisations.

Section 9: Clients, customers and service users

This section examines how the organisation engages with clients, customers, services users or partners.

Section	Your score	Total marks	Marks claimed	Marks claimed not awarded	Marks available not awarded	Averages	All entrants	Local	Top 100	Top 100 Threshold
9 Clients, customers and service users	7	17	14	7	10		6	6	12.5	9.5

Feedback from your marker

Consultations on service delivery must include specific out-reach to L, G, B & T people: the Stonewall 'Service Delivery Toolkit' can support with this.

Training provided for staff delivering frontline services needs to be brought in line with best practice on trans inclusion. Stonewall can support with this. General D&I training can be insufficient without examples of HBT discrimination.

It is important to identify and address issues that LGBT service-users may have and barriers they may face in accessing services. We recommend that organisations monitor their client and customer base to improve their reach and impact, and that frontline staff are trained on reducing bias and discrimination towards LGBT service-users.

Your notes

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Stonewall opportunities

London Workplace Conference is on the 3rd of April. [Tickets are available](#) for £349+VAT (or at our early bird rate of £309+VAT until the 21st Feb) for public-sector organisations.

Cymru Workplace Conference is on the 14th of February. [Tickets are available](#) for £110+VAT for public-sector organisations. Tickets can be bought on a buy-three-get-one-free basis.

Section 10: Additional work

This section gives outstanding employers an opportunity to share best practice not already awarded elsewhere in the submission.

Section	Your score	Total marks	Marks claimed	Marks claimed not awarded	Marks available not awarded	Averages	All entrants	Local	Top 100	Top 100 Threshold
10 Additional work	2	2	2	0	0		6	1	12.5	9.5

Feedback from your marker

The LGBT+ Allies network engaging with service users in an area disproportionately patronised by LGBT people is highly commendable. This is very pro-active work within the community and links your organisation's corporate work with the community work of your organisation's stakeholders. Other claimed activities fall within the areas already claimed by the organisation.

Your notes

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Stonewall opportunities

Many organisations have innovative ideas for LGBT inclusion. The Stonewall Empowerment Team can work with you to design bespoke and tailored events, workshops, webinars and programmes. Email empowerment@stonewall.org.uk to discuss your ideas.

Staff Feedback Questionnaire

This section examines the policies and benefits the organisation has in place to support LGBT staff. The questions scrutinise the policy audit process, policy content and communication.

Section	Your score	Total marks	Marks available not awarded	Averages	All entrants	Local	Top 100	Top 100 Threshold
Staff feedback questionnaire	12	20	8		10.5	8	16	13.5

Stonewall opportunities

Stonewall Workplace Conferences have expert workshops and unique networking opportunities. This gives you the holistic tool to deal with the diverse and varied issues that your LGBT staff and their allies face. London Conference is on the 3rd of April. [Tickets are available](#) for £349+VAT (or at our early bird rate of £309+VAT until the 21st Feb) for public-sector organisations. Cymru Conference is on the 14th of February. [Tickets are available](#) for £110+VAT for public-sector organisations. Tickets can be bought on a buy-three-get-one-free basis.

Your priorities

This is a space for you, in collaboration with your account manager, to set objectives for the year ahead.

Your Priorities	What would success look like in a year?	What is a six-month milestone?	What resources or senior buy-in do you need?	What specific steps can be taken to achieve it?
<i>E.g., improve the working environment for bi employees</i>	<i>E.g., increase by 50% the number of bi employees who are comfortable to disclose to colleagues</i>	<i>E.g., three intranet campaigns raising awareness of bi issues with clear opposition to biphobic discrimination</i>	<i>E.g., agreement from internal communications and agreement from the Head of D&I</i>	<i>Organise meetings with the Heads of Internal Communications & D&I Write copy for the first intranet post</i>
Priority one:				
Priority two:				
Priority three:				

Equalities, Diversity and Engagement strategy
Policy & Partnerships

Summary

Following the Croydon Opportunity and Fairness Commission set up to identify issues of inequality supported by lived experiences from residents across the borough and the council's equalities objectives created alongside this, the Council has set out develop a new set of objectives and an equalities strategy that will help the Council tackle inequality in Croydon and work towards a place where all have an equal opportunity to prosper. This will also help the Council to fulfil its statutory obligations under the Equality Act 2010.

The purpose of this document is to set out the process used to develop an Equality strategy and equality objectives for Croydon and report on the findings from the engagement and consultation that was undertaken as part of the process of shaping the strategy.

Carrying out engagement and consultation allowed us to gain an insight into the views of our residents, communities and staff across the Borough and all nine protected characteristics as defined by the Equality Act. This is absolutely crucial to ensure that when we develop our objectives and actions, they are meaningful and impactful for all the residents we serve.

Purpose of consultation

The purpose of this consultation was to seek internal and external stakeholder input to help test our existing equality objectives, identify where our priorities should lie going forward across the nine protected characteristics, extending to socio-economic circumstances which have a considerable impact on inequality, inclusion and quality of life. We also wanted to use the opportunity to gather views on what the Council does well and what it can do better to reduce inequalities in the Borough.

We found that although most people agreed with the current objectives, some of the most important issues for respondents were not included in the objectives and there were many issues that have arisen in the last 4 years. Responses that focussed on new or 'emerging issues' – areas not covered by the current objectives' – were classed as 'emerging themes'.

Engagement process

Engagement and Consultation started during the lockdown phase of the COVID-19 pandemic. This provided us with some challenges and restrictions as the usual channels - such as face to face workshops or VCS engagement events - could not be utilised. We also had to adapt regular communication channels. We ran four promotion campaigns on the Council's social media – i.e. Facebook, Twitter and Instagram between July and September. We have also advertised opportunities to get involved on the intranet, in the weekly newsletter Your Croydon and weekly Our Croydon bulletin, which gave us the potential to reach in excess of 80,000 residents.

Consultation Analysis: September 2020

To make sure that the engagement captured a broad audience, we engaged with and targeted a range of different groups in order to gain the broadest and most representative sampled possible. In order to achieve this we undertook the following actions:

- Ensured that engagement complied with social distancing guidelines
- Emails were sent to local organisations, partners, VCS, businesses and other related networks inviting them to participate and get involved (including researching and reaching out to groups with specific connections to protected characteristics)
- Key services were asked to share information about the consultation to their networks
- Online focus group dates were published in community, service and other newsletters and organisation specific journals
- Partners advertised opportunities to get involved on their web pages and in their local correspondence to service users/members
- Croydon Vision shared consultation details with the visually impaired community
- Schools were invited to take part
- Croydon and John Ruskin Colleges advertised the consultation details on online notice boards and micro portals
- The Council's social media platforms and service newsletters– including CVA, ARCC, CNCA, Faith Together, and Croydon's Music School
- Councillors who have considerable knowledge of local communities and local community groups were asked to raise awareness through their own networks and contacts, and to share contact details for specific groups that should be approached to engage in the consultation
- We consulted with residents across the Borough, taking into account the diversity and the needs of all residents across protected characteristics as defined by the Equality Act. We ensured our consultation activities targeted residents with protected characteristics so their voices could be heard.
- We ensured that we consulted with VCS organisations that were representative of all communities across the Borough and support some of the most vulnerable residents.
- We ensured that staff across all protected characteristics and across all levels in the organisation were consulted. This also included Cabinet Members and Councillors.
- We also ensured engagement opportunities were flexible – including late evenings and Saturdays to accommodate wider participation of protected groups. 1-2-1 telephone calls would be at the convenience of respondents and often involved filling out the online survey if they were unable to themselves or reluctant or unable to take part in online focus groups
- The hardest to reach protected groups have been those within the transgender community and pregnant women. In part, this was due to the fact maternity clinics

Consultation Analysis: September 2020

were not being held in the usual manner. We therefore approached partner organisations to promote the opportunity and contacted all known local transgender groups.

3 types of engagement were used to collect feedback:

1. Online survey

The online survey was developed and launched using the Council's 'Get Involved' platform. The site has software adjustments for those with visual impairments. The online survey/questionnaire was designed as a 'perception' survey that allowed respondents to give us their views on how the Council is tackling inequality, comment on current equality objectives, and suggest additional objectives and priorities the Council should focus on for the next four years. We had a total of 254 survey responses.

2. Online workshops using Microsoft Teams and Retrium

The online workshops asked the same questions as the online survey, with responses captured anonymously using an online tool called Retrium. By using this tool we were able to encourage more open and honest feedback while protecting individual identities during workshops. As a result, feedback from the workshops was much more granular, honest and practical than one might otherwise expect.

In total we hosted 30 online workshops with attendees across the 9 protected groups. (Note: no person, community group or organisation was required to declare an interest)

On average virtual workshops were attended by between 5-6 attendees with the exception of the BME Forum and ARCC workshops, whose sessions were at capacity. Online workshops were also held with staff in their capacity as employees, residents and service providers. Lastly, there were also meetings held with each of the staff diversity networks

3. 1:1 telephone / Microsoft Teams interviews.

We also held twelve 1-2-1 telephone interviews for those unable or unwilling to use online channels where we asked the same questions as the online survey. This represented a more cost effective and direct approach than postal methods, which have been discounted.

In order for the feedback to remain consistent, the following five questions were asked across all forms of engagement:

- *How successful has the council been in tackling and reducing inequality*
- *Do you agree with the current aims? (each detailed individually)*
- *Do you think there is anything missing from the current aims?*
- *Which area amongst the current aims is most important to you and why?*
- *Which key area do you think the Council's strategy should focus on?*

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The information collected helped us test whether the current objectives were still relevant and see what had changed, as well as helping to identify emerging themes and the areas residents and staff would like to focus on going forward.

Engagement breakdown

Detailed below is the amount of people engaged throughout the different types of engagement used during this consultation:

- **Online survey Responses:**

254

- **Workshops & 1:1 interviews - staff, community groups & residents:**

Total number of workshops: 30

- **Infrastructure groups engaged:**

- BME Forum
- ARCC
- CVA
- Faiths together

- **Total number of participants:**

334

What did we consult on?

Throughout this consultation we tested the current council equalities objectives, what they felt was missing from our current objectives and what other issues relating to inequality people were most concerned about. Below are the objectives that we tested on:

1	Jobs and the economy	To increase the rate of employment for disabled people, young people, over 50s and lone parents who are furthest away from the job market
2	Housing	To increase the support offered to people who find themselves in a position where they are accepted as homeless especially those from BME backgrounds and women

3 4	Children and families	To reduce the rate of child poverty especially in the six most deprived wards To improve attainment levels for white working class and Black Caribbean heritages, those in receipt of Free School Meals and Looked After Children, particularly at Key Stage 2 including those living in six most deprived wards
5 6 7	Community safety	To increase the percentage of domestic violence sanctions To increase the reporting and detection of the child sexual offences monitored To reduce the number of young people who enter the youth justice system
8	Social isolation	To reduce social isolation among disabled people and older people
9	Stronger communities	To improve the proportion of people from different backgrounds who get on well together
10	Health	To reduce differences in life expectancy between communities

We also wanted to find individuals views on what the council does well to tackle inequalities in the Borough and more importantly, what we can do better.

What else did we consider?

A number of national studies / reports have been produced in recent years which provide a helpful insight into inequality across the country in the twenty-first century. We also identified and benchmarked against best practice and reviewed a range of plans and strategies as part of the process of the analysis process. In order to create as full a picture as possible we consulted:

Local and national evidence.

As part of the strategy development process, we have examined a range of qualitative and quantitative evidence to develop our strategy. Below is an outline of the evidence sources that we have tapped into as part of the process of developing the strategy and not intended to be exhaustive list:

- Is Britain Fairer? The state of equality and human rights (Equality and Human Rights Commission)
- Health Inequality in England – The Marmot review 10 years on (Institute of Health Equity / Health Foundation)
- Beyond the data: understanding the impact of COVID-19 on BAME groups (Chief Medical Officer for England)
- Public Health England - COVID-19 understanding the impact on BAME communities
- Croydon Observatory
- Croydon Borough Profile

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- LGBT Draft Needs Assessment
- COVID 19 - Community Report ARCC (May 2020)
- COVID 19 - Community Survey Report ARCC (May 2020)
- Croydon COVID-19 Caribbean Community Health and Wellbeing Survey (Aug 2020)
Croydon BME Forum
- Ethnicity and COVID-19. The Croydon Experience and Analysis (May 2020) Rachel Flowers & Nnena Osuji

Best practice across the public sector and in particular other local authorities

Below is an outline of the evidence sources that we have tapped into as part of the process of developing the strategy and not intended to be exhaustive list:

- Mayor of London Strategy
- Bristol Equality Strategy
- York Equality Strategy
- Birmingham City Council Equality objectives

The following is a sample of the more recently developed strategies and not intended to be an exhaustive list:

Strategy Name	Protected Groups
Corporate Plan 2018/22	All protected groups
Workforce Strategy 2019-2022	All protected groups
Refreshed Recruitment Policy	Race, Disability, Gender
Schools Improvement Plan	
Croydon Partnership Early Help Strategy 2018/20	Age; Disability; Gender
Joint Health & Wellbeing Strategy 2018/22	Age; Disability; Pregnancy Maternity; Gender
Autism Strategy	Autism, Disability
Housing Strategy	All protected groups
Economic Recovery Plan	All protected groups

Feedback summary

This report will detail all of the findings from our consultation. Below are some of the high level findings.

- Respondents agreed with the current equalities objectives.
- Respondents also felt that the current objectives did not cover all of their concerns.
- In the last 4 years, people's concerns around equality have changed and there are a plethora of new and emerging issues.
- Across different groups and protected characteristics there are numerous different concerns related to personal circumstances, however there are many key issues that are consistent across these groups.
- Overall, a high proportion of respondents felt that the aims should be measurable and progress should be made easily available for all residents to access.

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- Respondents felt that the new priorities should also contain information specifically related to the council's role in tackling and reducing inequality.

Below is a further breakdown of feedback in relation to the key themes, including existing themes and emerging themes:

Jobs and the economy

Across all three forms of engagement, issue pertaining to jobs and the economy were raised by respondents. Specifically, feedback referenced the need for the council to support those who have been financially affected by COVID-19, such as elderly and disabled people, and the need to support people back into employment, as well as job retention. Additionally, respondents recognised the development that has taken place in Croydon in the last decade and spoke of the importance of ensuring that all residents feel the benefit of the development, particularly in overcrowded areas such as Thornton Heath.

Housing

Also related to feedback on jobs and the economy, respondents pointed out the need for more affordable housing across the borough for its poorest residents. Respondents emphasised the need for this in the north of the borough. Respondents also saw the need for housing to be allocated in a fair and equitable way, to ensure there is no discrimination against particular groups. Finally, feedback also focussed on the need to tackle homelessness, and particularly for BAME men in the borough, who are more likely to end up being classed as homeless. These responses were often related to the way in which homelessness has been tackled in during COVID-19 and how efforts should continue to eliminate homelessness both nationally and in the borough.

Children and Families

Much of the feedback related to children and families could be seen against the backdrop of the Black Lives Matter movement and societal inequities that have been a national issue for some time. Amongst these issues, the most prevalent within the feedback was the treatment of young people by police and in education, and the lack of youth services on offer for young people in the borough. Respondents raised concern with violence amongst young people, but also the treatment of young BAME people in Croydon and in London. This was often related to the fact there are not enough youth services - particularly those focussed on employability and life skills - on offer for young people. In education, there were also concerns raised regarding the differences in exclusion rates for young BAME people and the differences in education outcomes across different groups.

Community Safety

Although community safety was not as common a response amongst other issues, there were still concerns with particular issues within the borough. Respondents in the survey questioned the usefulness of the domestic violence aim from the 2016 OFC report, sighting that it did not address the root cause of domestic violence. As above, youth violence was also sighted in

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responses from young people who took part in the workshops, who spoke about the feeling of a lack of safety amongst young people in the north of the borough.

Social isolation

Social isolation was often referenced as being linked to many other issues throughout the consultation. For example, when people spoke of disability access and service improvement for autistic people, respondents also pointed out the detrimental effect these issues can have on mental health, by making people feel isolated. Additionally, respondents who referenced COVID-19 as a chief concern also spoke of how this has been a key contributor, and will continue to be, towards people feeling isolated in the borough. This was particularly in relation to older people, disabled people and those who have become unemployed. Respondents recognised the importance for community support and an active voluntary sector, supported by the council, to help alleviate social isolation for these groups.

Stronger communities

Throughout the consultation stronger communities was pointed to as something that can be achieved through a combination of factors. Respondents recognised the importance of a thriving VCS in the borough and how this can engage different groups in different communities. Further to this, a common theme raised were the societal inequities across different groups in Croydon, and for there to be a partnership effort between VCS, local community leaders and the council to bring these groups together more often than just for one off events. This was often related to the idea that there is a north-south divide within Croydon.

Health

The main issues raised with regards to health were autism, disability and health inequalities. In relation to autism, there was strong feeling amongst a large number of respondents that there needs to be more training and awareness and for an increase in support and services, both in the council and across the borough. Disabled access was also a chief concern amongst many respondents, with Bernard Wetherill House, local shops, and high streets raised as examples of where this can be improved. It was also recognised that council services need to be available in a variety of forms for people of all age, health and disability. Health inequalities were also raised, particularly in relation to the differences amongst different groups and communities.

Societal inequities (emerging theme)

Much of the feedback in the survey and workshops reflected the context in which this strategy is being devised. Thus, many respondents saw the need for societal inequities to be addressed in the strategy. In the survey, respondents saw the need for more equitable treatment of groups across the country and in Croydon, particularly the BAME. For some of the respondents the phrase 'BAME' was offensive in the way that it treats different groups of people from different backgrounds as one homogenised group. Although strength of feeling between respondents differed, there was a common opinion that societal inequities are a national and international issue and cannot be addressed in Croydon in isolation. Having said

Consultation Analysis: September 2020

this, other respondents disagreed and wrote that Croydon must work with its partners, including the Police and Schools in order to address problems in Croydon.

Council as an employer (emerging theme)

Most of the feedback focussed on the council as an employer came from council employees, but also from residents of the borough. Having a diverse workforce was seen as one of the council's strengths, however by others, it was also observed that decision-making positions are not held by as diverse a group of people as the council as a whole. Many respondents emphasised the importance of having a diverse management team to reflect the diversity of the borough. Some residents in the workshops were of the opinion that the council must first of all correct its internal equalities policy and procedures so as to set an example for the rest of the borough. Many respondents agreed that this would involve increasing training and awareness of staff.

Council as a community leader and service provider (emerging theme)

Response relating to this emerging theme tied together many of the other themes. As above, some respondents felt that the council's role as an employer, and the fact over 50% of staff are Croydon residents, means we are in a unique position to set an example on equalities for other employers and businesses in the borough. In the workshops, council employees recognised the need to build equality into the commissioning process and use this to create strong partnerships across the borough. Additionally, many respondents in the survey felt that service delivery models should reflect the inequities across the borough. Overall, many respondents feedback that the council should use its role in the community to speak out about inequality and work together with partners to create a more equal borough for all Croydon residents

Online survey findings

The online survey was live from June 11 – September 20. During this time there were 254 responses. Survey, responses were categorised based on the themes of the current equalities objectives as below:

1. Jobs and the Economy
2. Housing
3. Children and Families
4. Community
5. Safety
6. Social isolation
7. Stronger communities
8. Health

Responses seen to lie outside of these themes were classed as an 'emerging theme'

Consultation Analysis: September 2020

This section will provide a breakdown of the demographics of respondents, overall responses to each question. Cross-tab analysis is available in appendix 1, where there were noticeably different responses across different groups.

Who responded to the survey?**Age***[170 respondents]*

Under 18	9.41%
18-30	17.06%
31-40	20.59%
41-50	34.71%
51-60	13.53%
61+	4.71%

- The majority of respondents were 30+. In order to engage young people we invited schools across the Borough to take part, worked in partnership with Croydon and John Ruskin Colleges who advertised the consultation details on online notice boards and micro portals invited to take part and run workshops with the Youth Parliament and the organisation Empire (who represent Young Care Leavers)
- 1:1 telephone interviews were also offered for anyone who was not able to fill in the online survey due to lack of resources or accessibility problems

Gender*[170 respondents]*

Female	65.29%
Male	25.29%
Non-binary	1.18%
Prefer not to say	5.29%
Prefer to self-describe	2.35%
Transgender	0.59%

- There were more female participants than male participants in the survey by a significant margin. The split between male and female in the borough is believed to be 48.6% male and 51.4% female (Croydon observatory). Despite this a large of men also participated in the workshops giving a large sample size of both men and women when all considered
- Although there is no population data in Croydon for the transgender community, all known transgender groups were contacted to take part, and a workshop was held with the LGBTQ staff network group

Disability

[170 respondents]

No	72.94%
Prefer not to say	4.12%
Yes	22.94%

- A large number of people with disabilities completed the survey, reflecting the numbers of groups engaged with across the VCS sector, including Croydon Disability Network and Croydon Vision, as well as the disability staff network

Ethnicity

[170 respondents]

Any other Asian background	1.18%
Any other Black background	1.18%
Any other Mixed / multiple ethnic background	2.94%
Any other White background	10.00%
Arab	1.18%
Black African	8.24%
Black Caribbean	16.47%
Chinese	1.18%
Indian	2.94%
Other, write in:	6.47%
Pakistani	0.59%
White and Asian	1.18%
White and Black African	0.59%
White and Black Caribbean	4.71%
White English / Welsh / Scottish / Northern Irish / British	39.41%
White Irish	1.76%

- The highest percentage of any ethnic background to complete the survey was 'white English/Welsh/Scottish/Northern Irish/British' (39.41%). It is estimated Croydon's population is 55.1% 'white' (Croydon observatory). Following this, 16.47% of respondents were Black Caribbean.
- In order to engage as wide a range of ethnic groups as possible, many community and VCS groups were engaged, and additional workshops were held for Asian Resource Centre Croydon and Croydon BME Forum. This was particularly important given the nature of the strategy. We also recognise there is still more to be done to ensure that larger amounts of each group are engaged in future consultations.

Religion

[170 respondents]

Christian	48.82%
Muslim	4.12%
Hindu	
Jewish	2.94%
Sikh	
Buddhist	.59%
Atheist	5.29%
Agnostic	2.94%
No Religion	28.82%
Other	6.47%

- The number of respondents who stated they were Christian (48.82%), translates roughly into the estimated Christian population of Croydon (56.4%)
- All other major religious groups were engaged with, as well as workshop held and information shared with Faiths Together in Croydon
- This is also in recognition of the fact that members of the Sikh and Hindu community did not participate in the survey. This is addressed in the actions for the council moving forward whereby it is ensured that in future, all groups are fully engaged with, including the harder to reach groups in the community

Sexual orientation

[170 respondents]

Heterosexual/Straight	74.71%
Gay/Lesbian	5.88%
Bi-Sexual	5.29%
Any other sexual orientation	2.35%
Prefer not to say	11.76%

- Although there is no available data for sexual orientation in the Croydon population, it was ensured that LGBTQ groups were engaged in the process, and Croydon is an enthusiastic support for Croydon Pride, as well as actively working to achieve all recommendations put forward by Stonewall.

Marital status

[170 respondents]

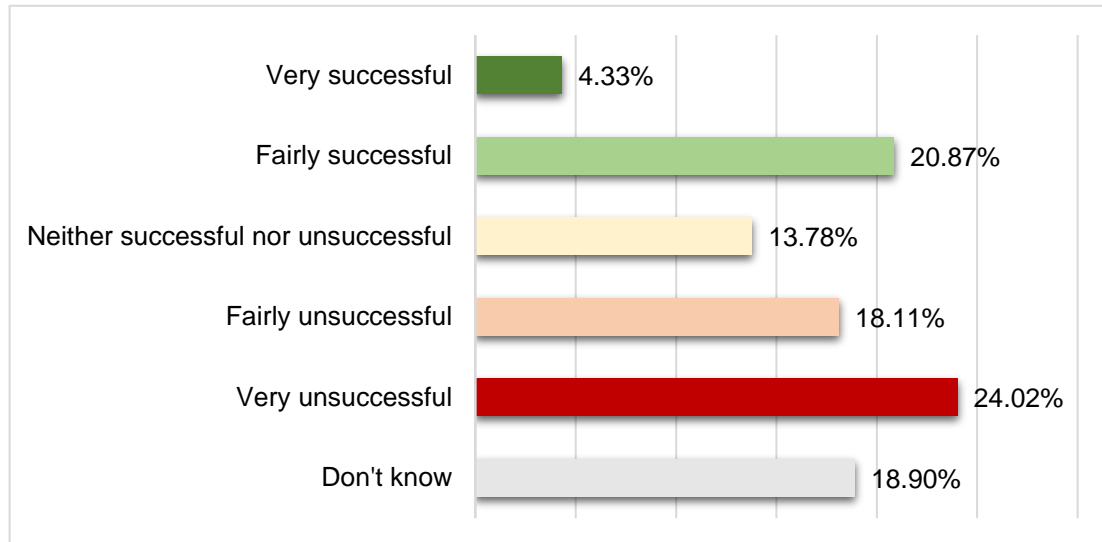
Married or in a same sex civil partnership	37.06%
Single	35.29%
In a relationship	16.47%
Other	11.18%

Consultation Analysis: September 2020

- The survey produced good numbers of feedback from all marital status groups

Survey question 1: *Please rate how successful or unsuccessful you think the council has been in tackling and reducing inequality*

[254 respondents]

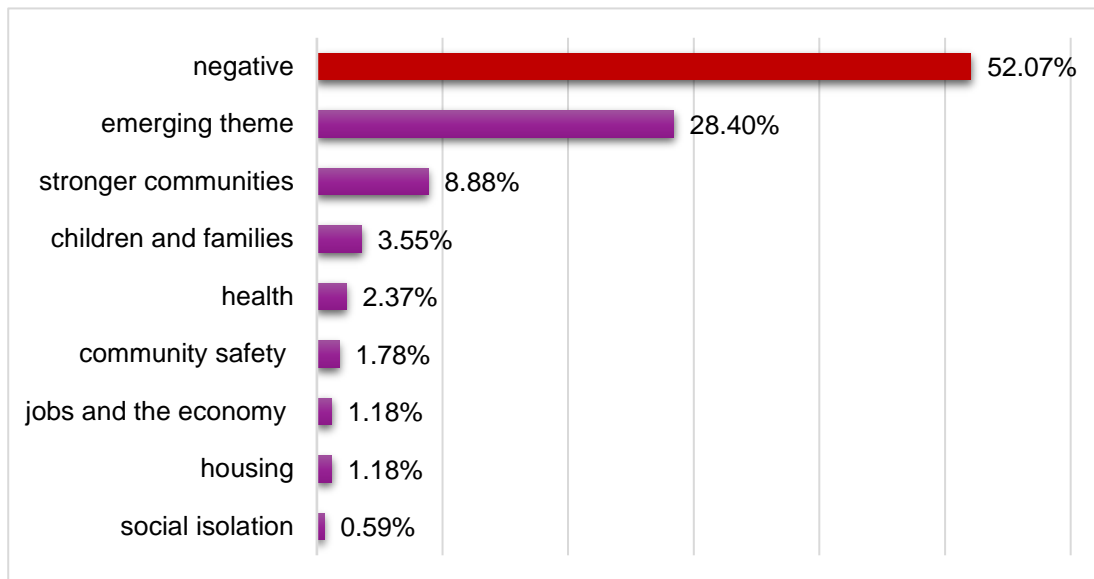


- Overall, respondents had a more negative view of the council's efforts to tackle and reduce inequality than positive.
- 25.2% responses were positive ('very successful' or 'fairly successful'), whilst 42.13% were negative ('very unsuccessful' or 'fairly unsuccessful')
- A significant number of respondents chose 'don't know' (18.90%), which indicates that the council should improve its communication to residents and staff around work that is being done to tackle and reduce inequality.

[Please find further cross-tab analysis of question 1 in appendix 1]

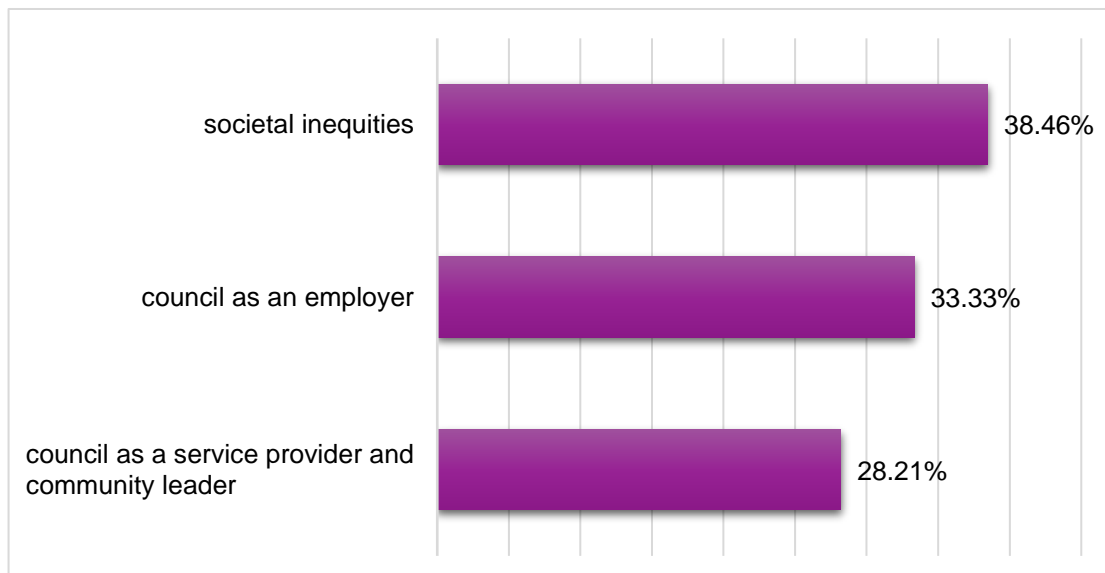
Survey question 2: *Please explain your response to Q1: What do you think the council's strengths are in tackling and reducing inequality?*

[188 respondents]



- The most common responses to this question were either negative (52.07%) – the response did not praise the council in any way but offered criticism – or they were left blank. This reflects the negative responses captured for question 1 and suggests respondents saw question 2 as an opportunity to elaborate on their previous response.
- Following negative responses, the most common response by a significant margin was 'emerging theme' (28.40%) (These responses will be broken down further below).

Breakdown of emerging themes



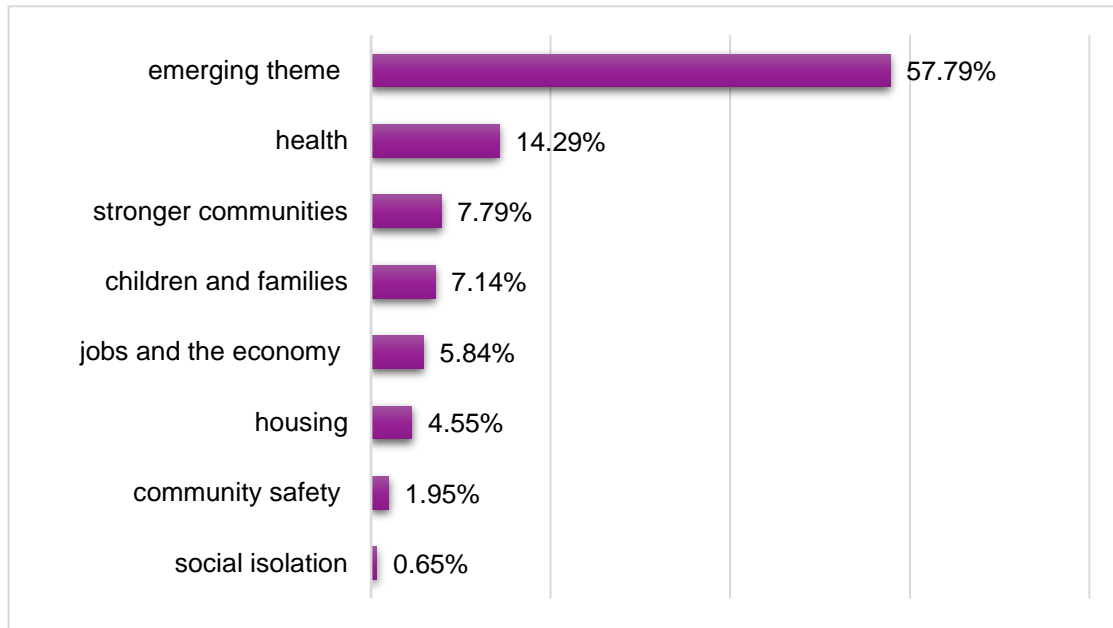
- Of the 28.40% of people whose response was categorised as an emerging theme, the most common theme was 'societal inequities' (38.46%), followed by 'council as an

Consultation Analysis: September 2020

employer' (33.33%) and finally 'council as a service provider and community leader' (28.21%).

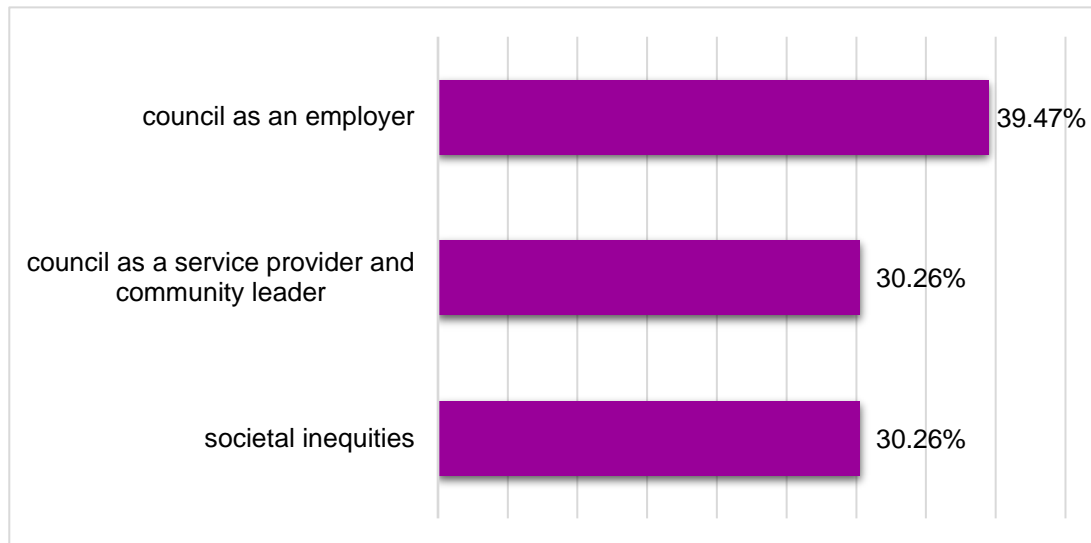
Survey question 3: What do you think we can do better to tackle and reduce inequality?

[179 respondents]



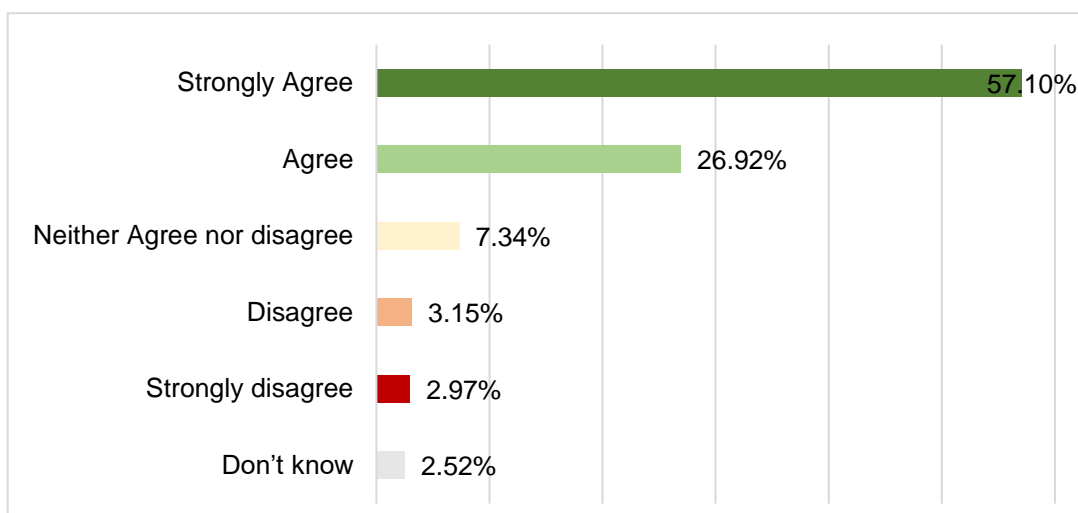
- The most popular responses to question 3 were 'emerging themes', with over half of responses (57.79%) in this category.
- The second most common response was 'health' (14.29%) followed by 'stronger communities' (7.79%).

Breakdown of emerging themes



- Of the 57.79% of responses that were categorised as an 'emerging theme' 39.47% were focussed on the 'council as an employer'.
- This differs to the breakdown down of emerging themes for question 2, where the council's strength was seen as 'societal inequalities'.
- This data suggests that respondents view the council's strength as actions related to 'societal inequalities' and its weaknesses related to employment.

Survey question's 4-13: Do you agree with our current aims?



- Overall, respondents agreed with the current aims

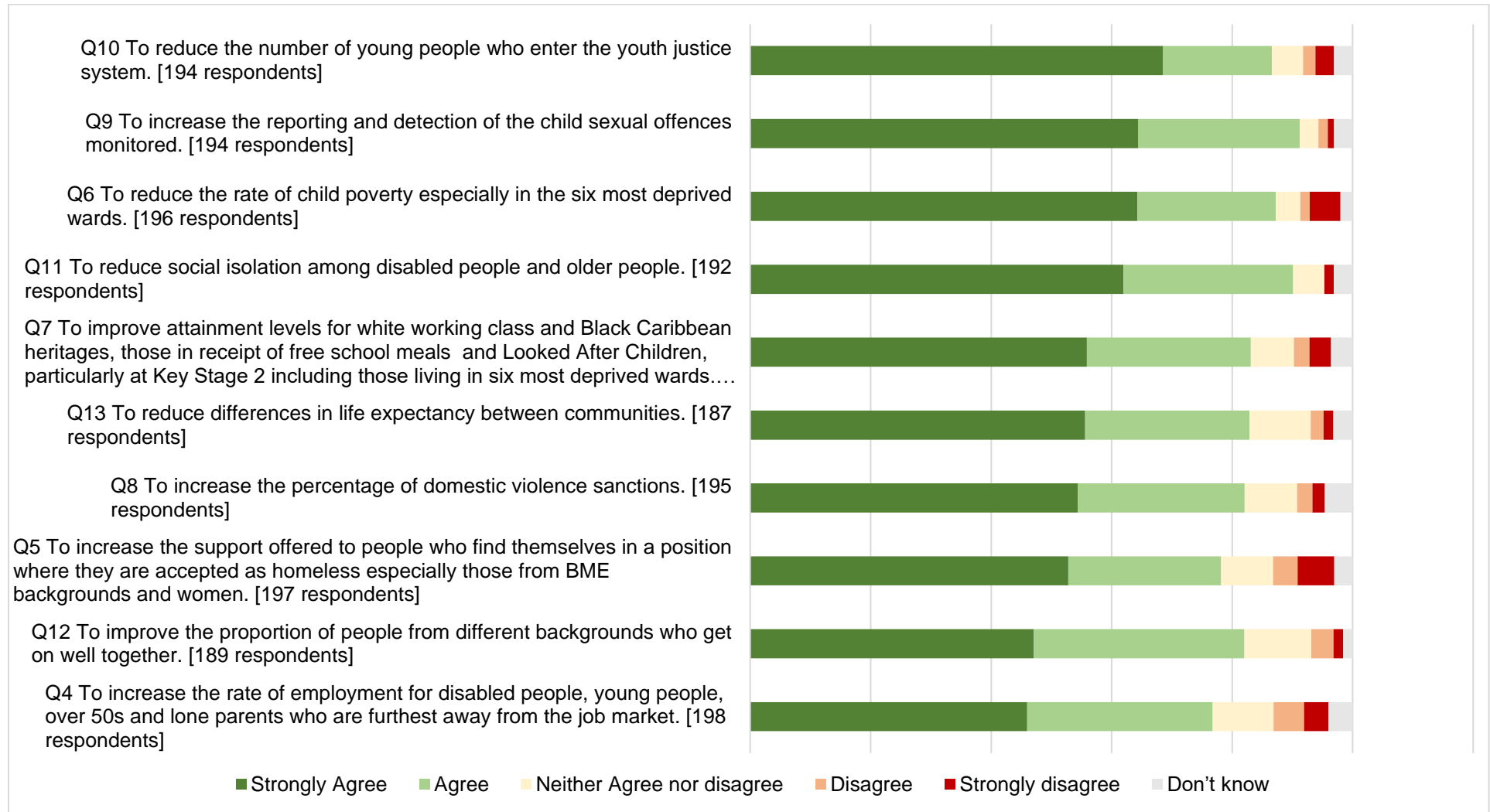
Consultation Analysis: September 2020

- In total, 59.62% of respondents chose a positive response ('strongly agree' or 'agree') and 6.12% chose a negative response ('strongly disagree' and 'disagree')
- It is important to also take into account responses to the following questions in the survey, which asked respondents what was missing, and to choose their key area. There was strong feeling amongst these responses that although the current aims are generally agreeable, people were curious about what specific actions the council and its partners can take in order to achieve the aims.

[please see next page for further breakdown of response per aim]

Survey question's 4-13: Do you agree with our current aims?

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- **Overall, the three aims that people agreed with the most (most 'strongly agree' and 'agree' responses) were:**
 1. To increase the reporting and detection of child sexual offences monitored (Q9) (91% 'strongly agree' and 'agree')
 2. To reduce social isolation among disabled people and older people (Q11) (90.11% 'strongly agree' and 'agree')
 3. To reduce the rate of child poverty, especially in the six most deprived wards (Q6) (87.25% 'strongly agree' and 'agree')

 - The aim that received the most 'strongly agree' responses was:
 - To reduce social isolation among disabled people and older people (69% strongly agree)

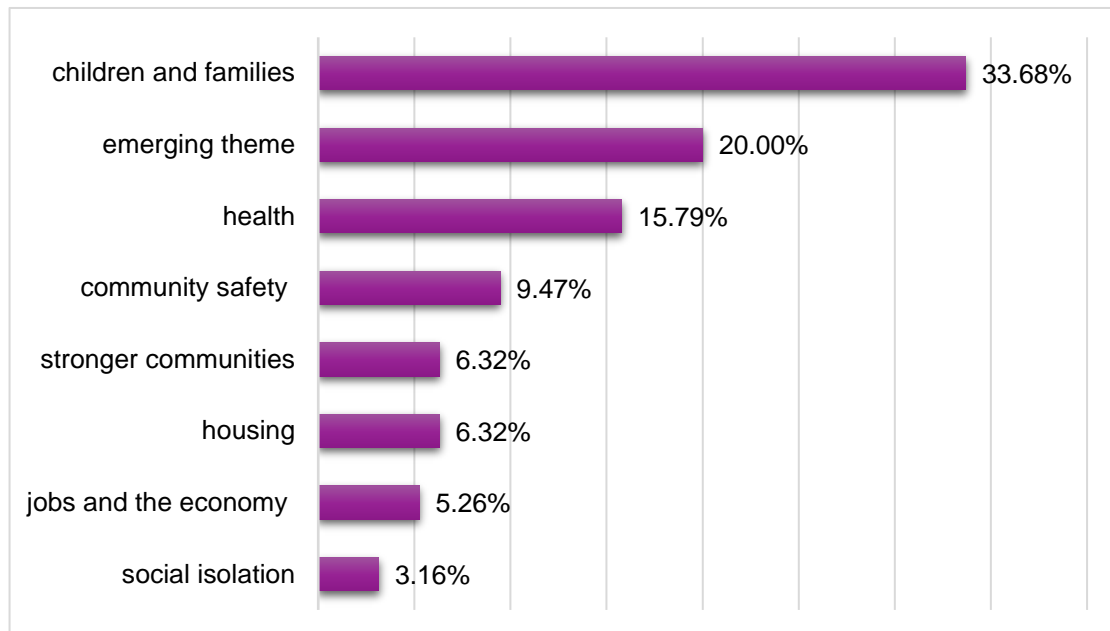
 - **Overall, the three aims that people disagreed with the most (most 'strongly disagree' and 'disagree' responses) were:**
 1. To increase the support offered to people who find themselves in a position where they are accepted as homeless especially those from BME backgrounds and women (Q5) (10.5% 'strongly disagree' and 'disagree')
 2. To increase the rate of employment for disabled people, young people, over 50s and lone parents who are furthest away from the job market (Q4) (9.09% 'strongly disagree' and 'disagree')
 3. To reduce the rate of child poverty, especially in the six most deprived wards (Q6) (6.63% 'strongly disagree' and 'disagree')

 - The aim that received the most 'strongly disagree' responses was:
 - To increase the support offered to people who find themselves in a position where they are accepted as homeless especially those from BME backgrounds and women (6.09% 'strongly disagree')

 - **Overall, responses were significantly more positive than negative. Even the aims that received the lowest proportion of 'strongly agree' and 'agree' responses were still agreed with by a large proportion of respondents**
-

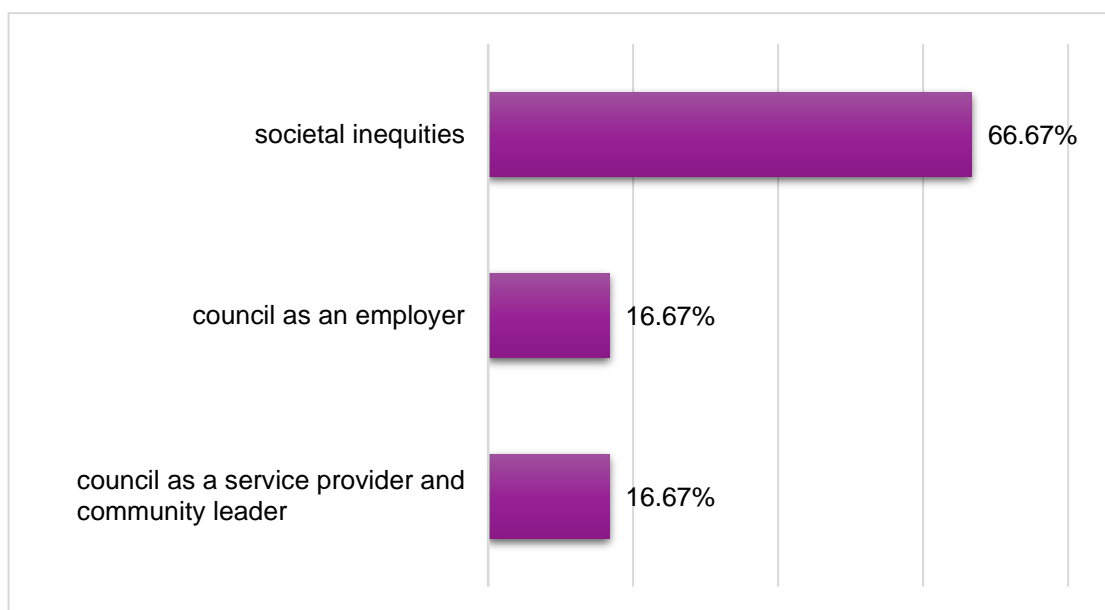
Survey question 14: *Having considered the current equality aims, which issue is most important to you and why?*

[176 respondents]



- Overall, the theme within the current aims that respondents found most important was 'children and families' (33.68%). This is reflected in the previous section, where both of the current aims within the 'children and families' theme were in the top 3 most agreed with aims.
- Although this question specifically asks about the current aims, there was still a high proportion of responses which didn't fit inside of the current themes and were classed as emerging themes. (These will be broken down below)
- 15.79% of respondents focussed on 'health' as the most important issue. These responses included:
 - *Autism: 20%*
 - *Disabilities: 53.33%*
 - *Health inequalities: 26.67%*

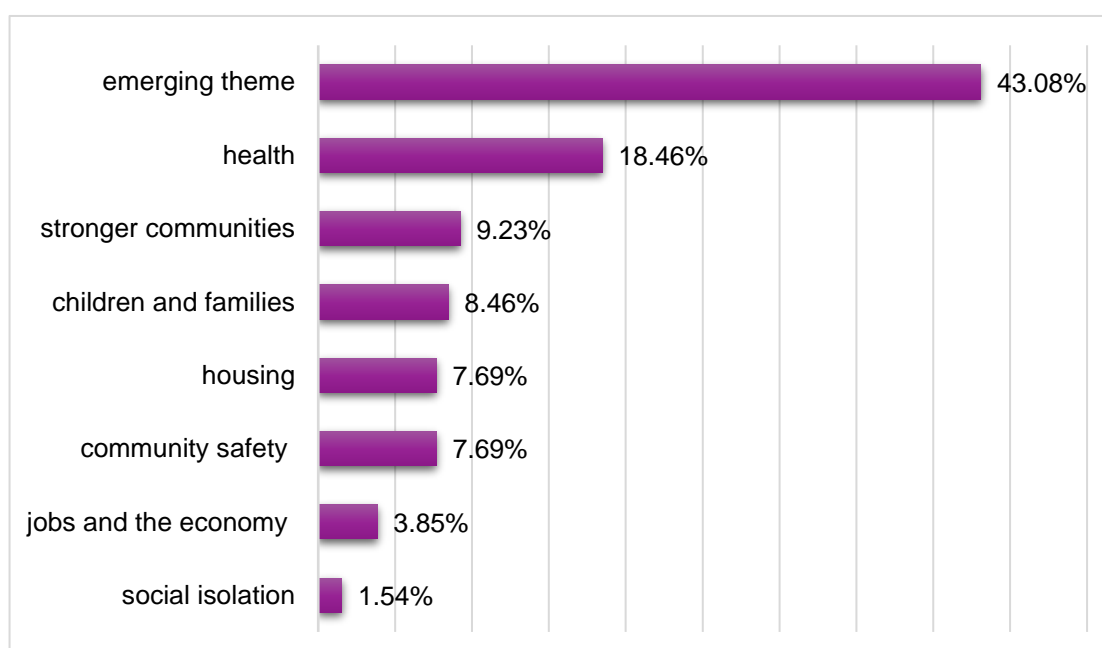
Breakdown of emerging themes



- Amongst the 20% of respondents who gave an answer classed as an emerging theme, the majority (66.67%) were focussed on societal inequities. These responses touched on a variety of areas including:
 - Treating people fairly, specifically including LGBT and religious communities
 - BAME people being discriminated against nationally and in the borough

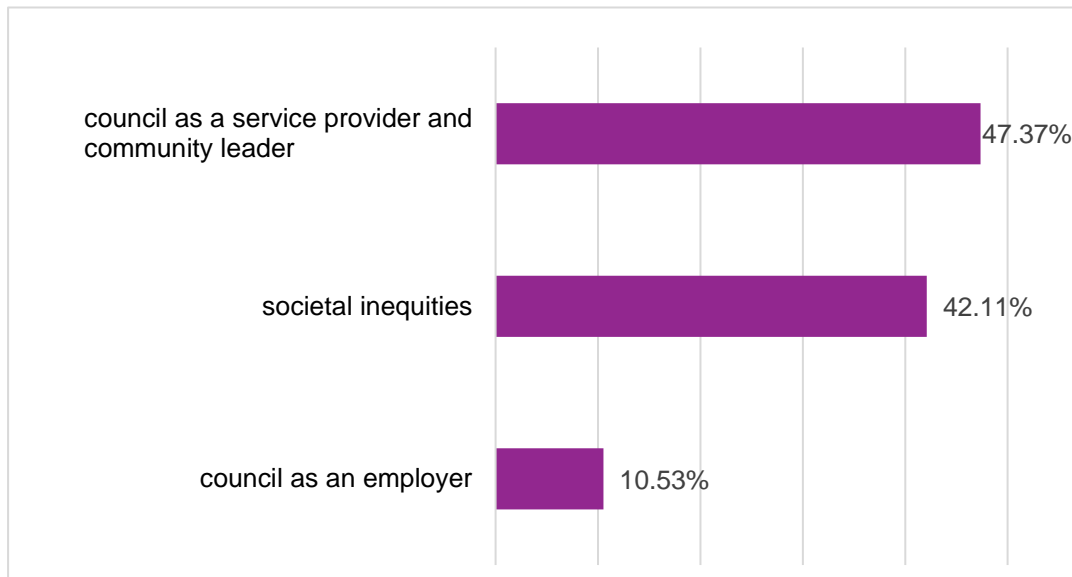
Survey question 15: Do you think there is anything missing from the current aims?

[176 respondents]



- Nearly half of all responses (43.08%) for question 15 focussed on emerging themes. This was expected, as the question asked respondents to think of issues outside of the current aims.
- Similar to question 14, health was also a common theme amongst responses (18.46%). This is perhaps reflected by the fact that there is only one current aim which is based around health (*'to reduce differences in life expectancy between communities'*).

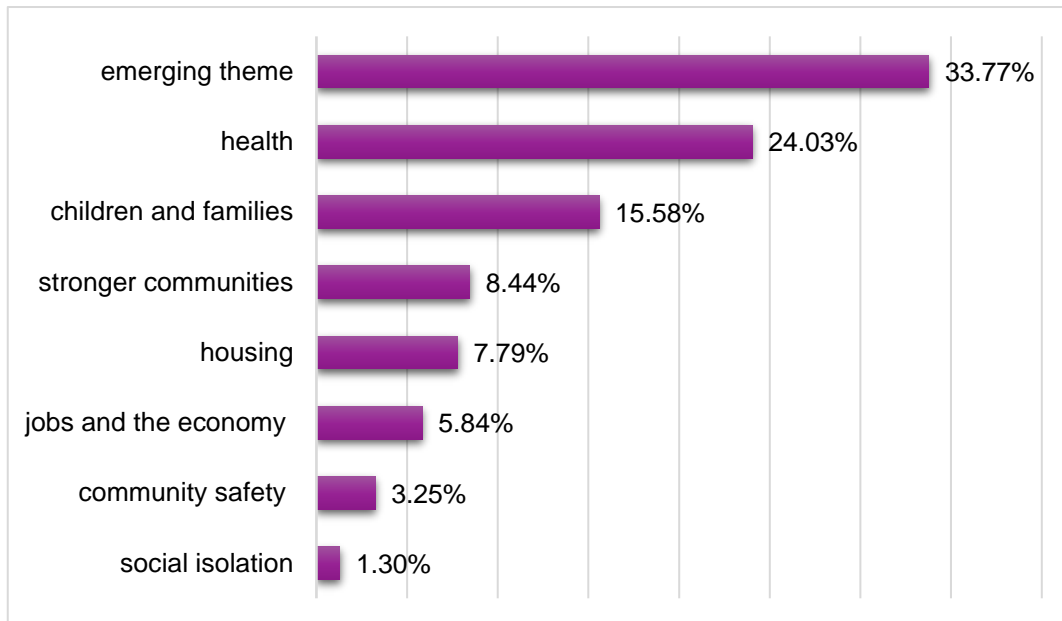
Breakdown of emerging themes



- Amongst the 43.08% of 'emerging theme' responses, the majority of them focussed on the council's role as a service provider and community leader, as well as national and local societal inequities
- This reflects the fact that the current aims focus on priorities that the council can have an effect over, but there is not an aim that reflects the council's role in and of itself.

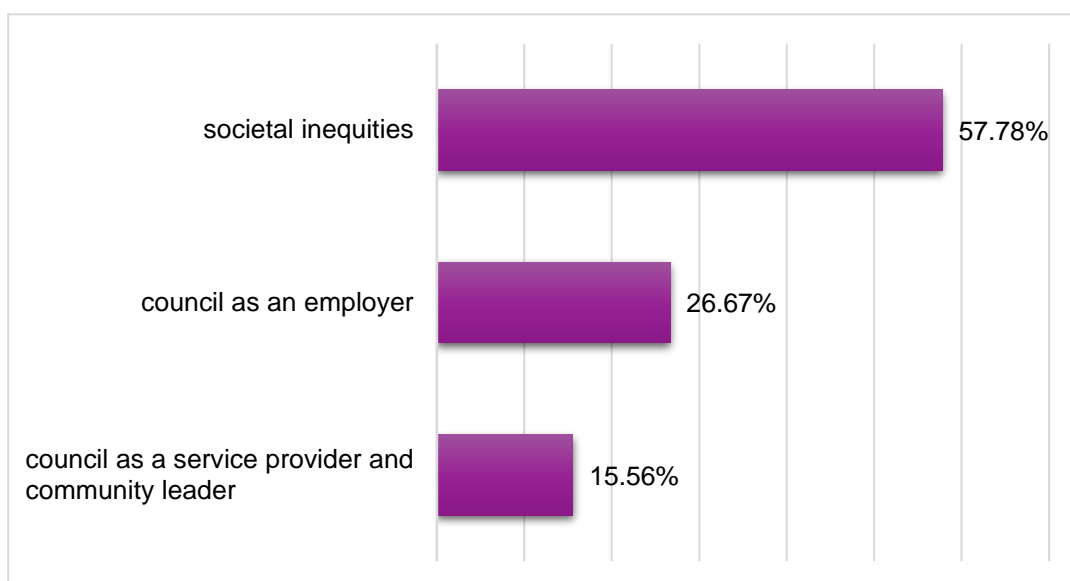
Survey question 16: Please list one key area you think the Council and its partners should focus on in its upcoming Equality Strategy

[174 respondents]



- Just as question 14, the highest proportion of responses were emerging themes (33.77%)
- Similarly, health was also a popular response (24.03%), followed by children and families (15.58%)

Breakdown of emerging themes



- Overall, respondents felt that the council should focus on societal inequities in its Equalities strategy (57.8%)
 - Considering that 'emerging themes' were the most popular responses, a high proportion of respondents overall thought that the council should focus on the 'council as an employer' (26.67%) and as a service provider and community leader (15.56%)
-

Workshop findings

A total of 20 workshops were held throughout the consultation phase with internal and external stakeholders. Workshops involved using Microsoft Teams and the online tool 'Retrium'. Anyone who was not able to participate using Retrium was given the option of a 1:1 call. Those who attended the workshops were consulted on the same questions present in the survey, in order to provide consistency across the consultation. The responses from workshop attendees were recorded as 'actions' and were analysed using the same categories and methods applied to the survey analysis.

Who did we engage?

Some of the external groups engaged were:

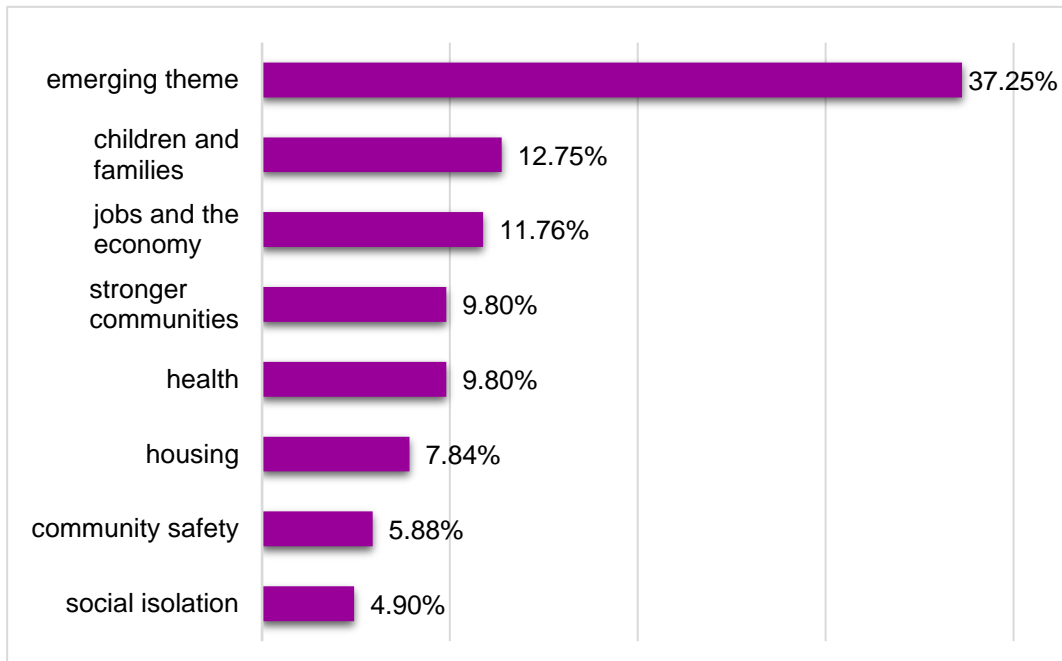
1. BME Forum
2. Asian Resource Centre Croydon
3. Croydon Voluntary Action
4. Faiths Together
5. Croydon Drop in
6. Legacy Zone reps
7. Empire

Overall, there were 203 people consulted representing 65 organisations covering all protected groups (except maternity/pregnant women)

Internal groups engaged were:

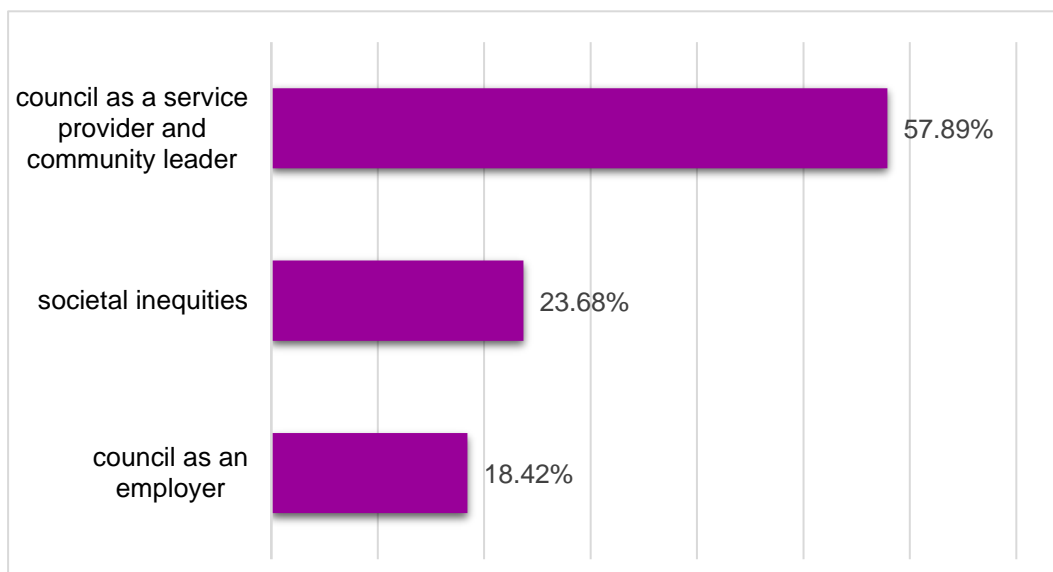
1. BAME network
2. Disability Network
3. LGBTQ+ Network
4. Women's Network
5. Youth Parliament

What did they tell us?



- Overall, the most popular actions recorded in the workshops were emerging themes (37.25%) followed by children and families (12.75%) and jobs and the economy (11.76%)
- Feedback in workshops produced similar responses to those analysed in the survey.
- There were actions that covered each of the current aims, as well as each of the three emerging themes.

Breakdown of emerging themes



- The majority of actions that were emerging themes focussed on ‘council as a service provider and community leader’ (57.89%), followed by ‘societal inequities’ (23.68%) and ‘council as an employer’ (18.42%)
- This feedback differs to the final question of the survey where people were asked what they would like to see council focus on, with societal inequities the top response (57.68%)

Examples of workshop actions by category

Jobs and the economy	<ul style="list-style-type: none"> • Greater partnership with local business to improve employment – for young people and those with protected characteristics • Creating employment, training and education opportunities for groups hit the hardest, prevention strategies to make them less vulnerable
Housing	<ul style="list-style-type: none"> • Preventative strategy - tackle and address issues that lead to individuals becoming homeless such as mental health • Providing quality housing to individuals at their time of need.
Children and families	<ul style="list-style-type: none"> • Ensure that young people are taught life skills such as: money management, mental health, budgeting, how taxes work, healthy cooking, conflict resolution. • Ensuring traditionally middle class jobs appeal to more young people and to support them into it via work placements, internships, apprenticeships
Community safety	<ul style="list-style-type: none"> • Helping to make sure young people feel safe in their neighbourhoods • Holistic approach to tackling domestic violence
Social isolation	<ul style="list-style-type: none"> • Digital inclusion for older people and those with disabilities • Variety of channels for older people to engage and get involved in wider community
Stronger communities	<ul style="list-style-type: none"> • Public spaces available in areas in the Borough that are highly congested - creative solutions, working with artists, schools and wider community • Free or discounted community space to enable community groups to come together
Health	<ul style="list-style-type: none"> • Mental health - examine issues that impact on mental health e.g. environment - get community involved in improving green spaces • To increase support for those less physically able to access certain areas of the community
Council as a service provider and	<ul style="list-style-type: none"> • Ensure protected characteristics are represented during decision-making. For example as part of Culture Board

community leader	<ul style="list-style-type: none"> To increase awareness amongst staff regarding dealings and communications with residents tailored to their needs. - Improving accessibility to services and not limited to online services
Societal inequities	<ul style="list-style-type: none"> Challenging institutional racism in wider society and raising positive profile of younger people especially BAME Over-policing of young people – Helping to facilitate better relationships between the police and young people
Council as an employer	<ul style="list-style-type: none"> Career progression - equality of opportunities particularly for BAME and staff with disabilities across all levels Ensure there is a more diverse range of managers with decision making responsibility

Draft outcomes and priorities

Following engagement, we drafted the following outcomes and objectives to form the basis of the plan:

Outcome 1: The Council addresses social inequities as a community leader and an employer

Objectives

1. Ensure that we create a diverse workforce that reflects our communities at all levels and allows us to make representative decisions making
2. Become a visible and active community leader and ambassador for equality and addressing social inequities
3. Commission suppliers that help us to address inequity and monitor their impact through our contract management framework

Outcome 2: We work with our residents to better understand our communities

Objectives

1. Increase our network across untapped communities, specifically harder to reach groups and their community leaders such as LGBT, refugee and asylum seekers, women
2. Information about the council's work towards tackling inequality is easy to access and understand
3. Key information about local communities (inc all protected groups) is collected, analysed, used and shared with key partners to inform decisions and improve services

Outcome 3: Everyone gets the support they need when they need it

Objectives

1. Recognise the needs of individual groups and provide support to the most disadvantaged groups in the borough
2. More residents are given support to enter education, gain skills and access quality and secure employment and in particular BAME, women, young people, lone parents, and people with disabilities
3. Services are proactive in targeting groups that have accessibility issues as a result of disability, age, mental health, language and/ or physical barriers

Outcome 4: People in Croydon are supported to be in good health

Objectives

1. Create safe, multicultural spaces and celebratory events that are open to all protected groups to help tackle social isolation and bring communities together
2. Develop structures, systems and services that proactively target areas of Croydon where inequalities are at their worst in order to tackle the social determinants of health
3. Work in partnership to ensure health services are accessible to everyone, and residents know where and how to access services

Outcome 5: Lifelong learning around equality and inclusion is championed

Objectives

1. Our partners feel supported to reduce inequalities and discrimination that lead to disproportionality in school exclusions and young people entering the criminal justice system specifically for groups such as black males, Gypsy roma and travellers and those on free school meals
2. Use existing mechanisms such as Good Employer Charter to develop best practice for Croydon employers, including the council, to ensure equality training is provided and regularly reviewed
3. Offer support to the groups such as White British adults, pupils from Black backgrounds, children on free school meals who need it most to enable better education outcomes

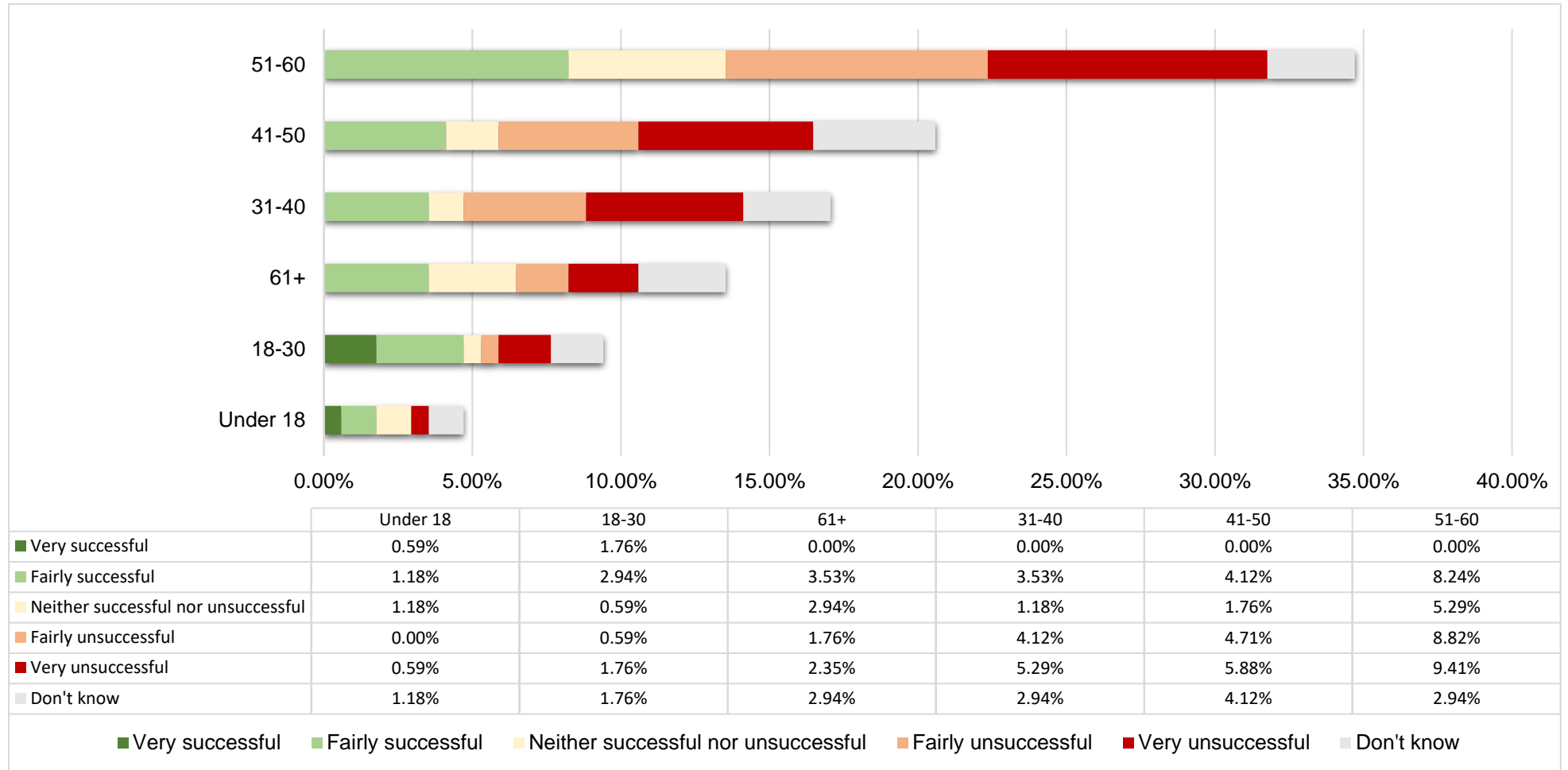
Information to note

- Although it appears as if social isolation was not a primary concern amongst respondents, it is important to note that responses were categorised based on what was considered the main concern/point within the response. For example, there some responses that specifically mentioned accessibility of services for disabled people and how this could help prevent social isolation amongst disabled people. These responses were categorised as 'health' but the social isolation aspect of these responses helped to shape, formulate and inform the strategy outcomes, priorities and actions.
-

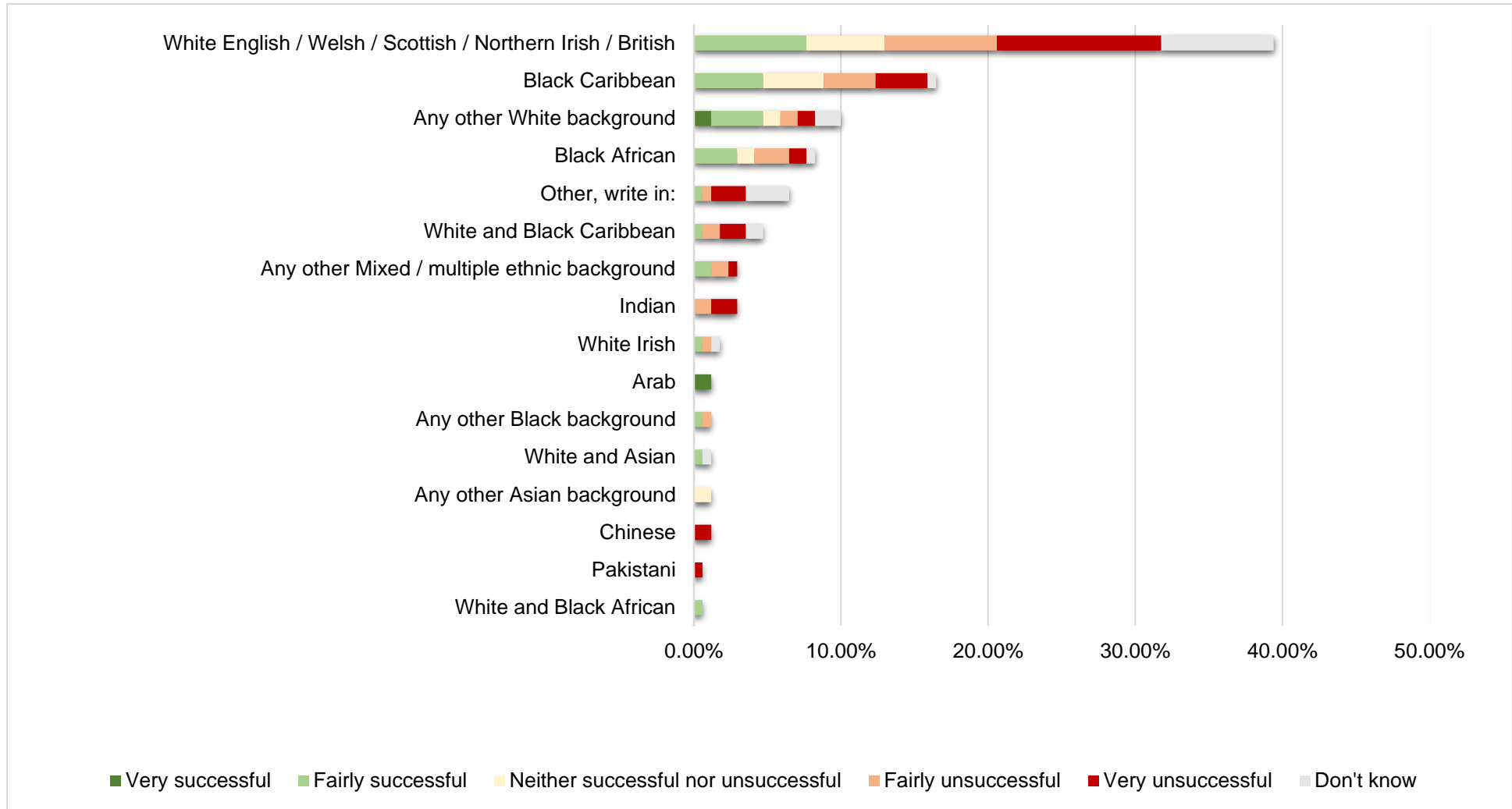
Appendix 1

Question 1 cross tab analysis

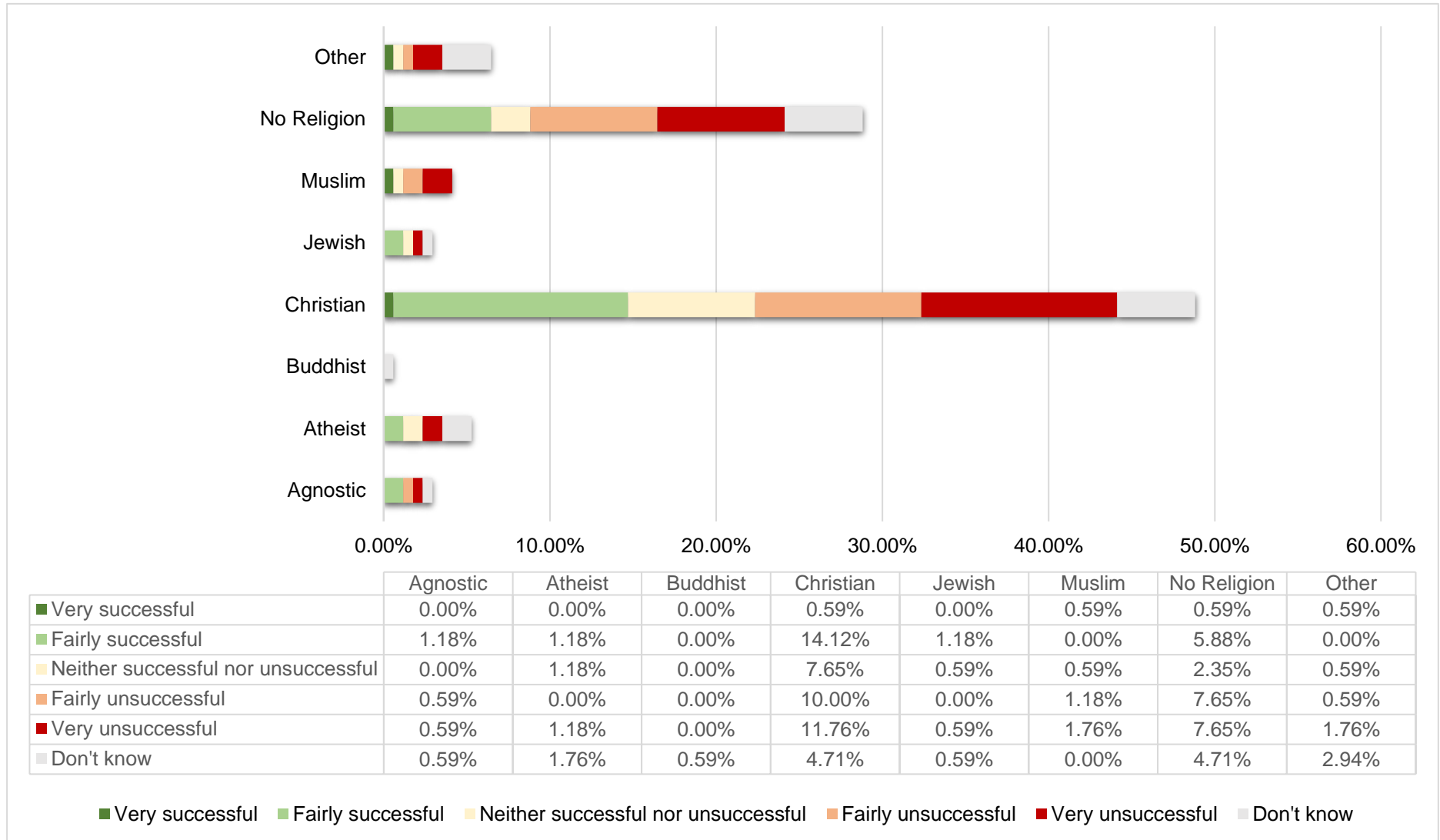
Age



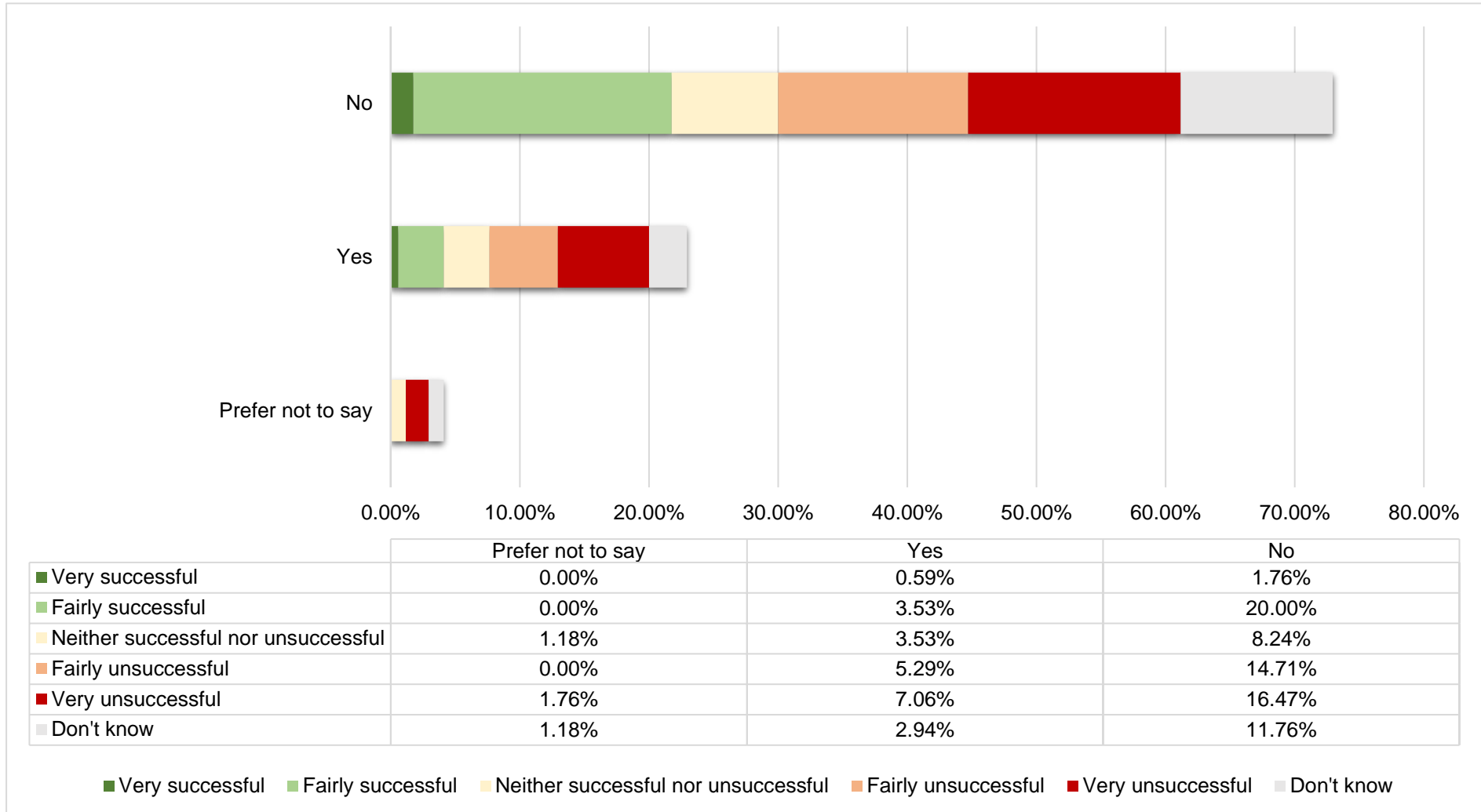
Ethnicity



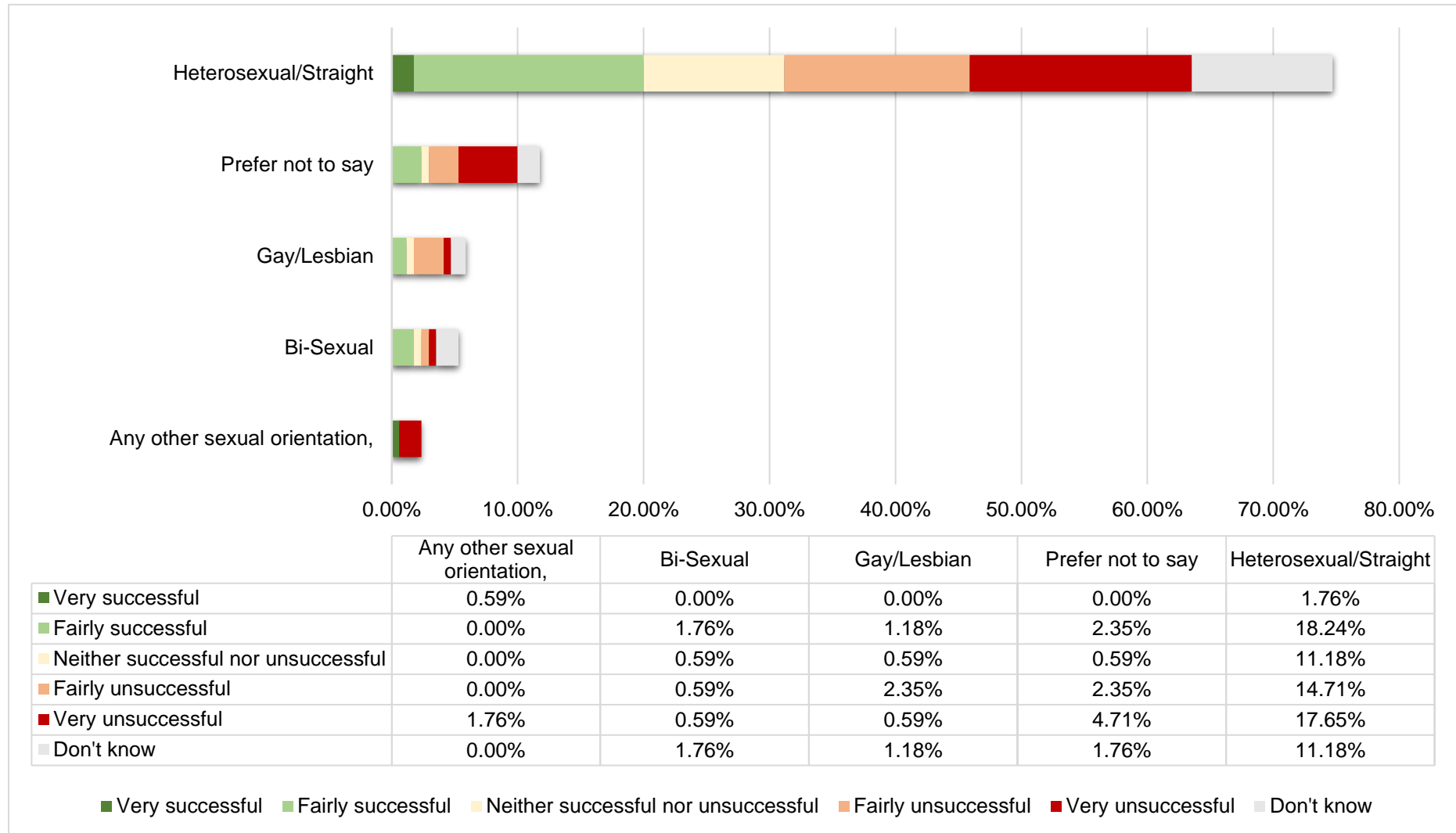
Religion



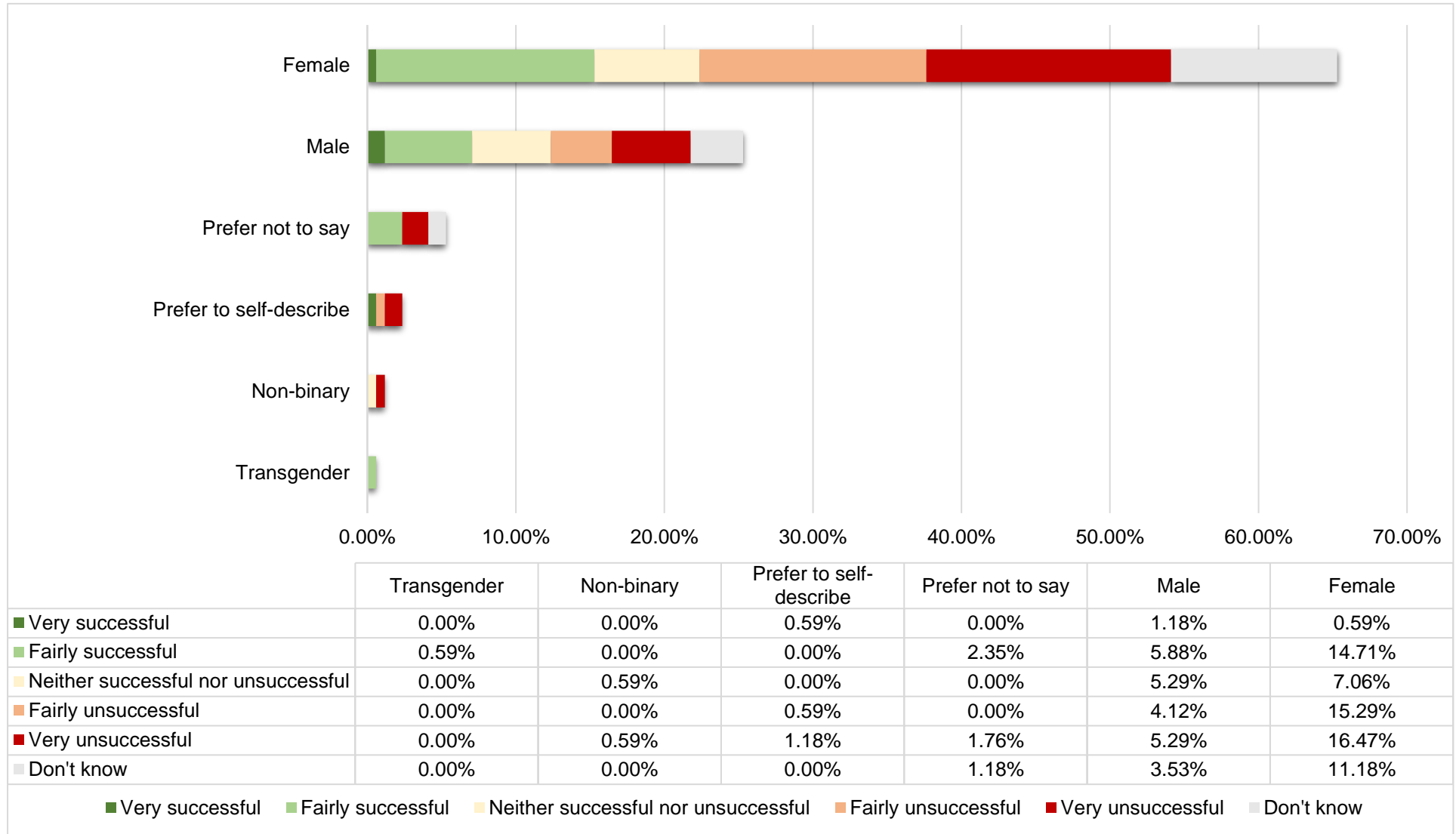
Disability



Sexual Orientation



Gender



Information Management Team: **Data Protection Impact Assessment**
Version 2:0

Data Protection Impact Assessment (DPIA)

Project Name:	Equality Strategy
Project Manager or Sponsor (PM):	Yvonne Okiyo
Name of person completing the DPIA if different to (PM):	
Service Team and Department:	Policy and Partnerships, Resources Department
Relevant Director and Executive Director:	Gavin Handford, Jacqueline Harris-Baker
Information Management Champion(s) for service area:	
Date DPIA received by the IMT:	02.06.20
Date approved by DPO:	07.07.20
Date approved by IMT :	07.07.20

1 Project Scope

Include the projects aims, potential impact, all individuals involved in the project and those that may be affected by it. The stakeholders should be as broad as possible so that the list can be edited down after consultation)

Under the Equality Act 2010 (Specific Duties) Regulations 2011, councils employing more than 150 people will have to produce "equality objectives" at least once every four years. Our current equality objectives come to an end this year.

The Council is undertaking a process of developing an Equality Strategy and accompanying action plan for 2020-2024. The Strategy will set out the Councils vision to abolish inequality in Croydon and work towards a place where all have an equal opportunity to prosper as set out in its Corporate Plan 2018 - 2022.

Part of this process will also consist of developing refreshed equality objectives which will help the Council meet its requirements under the Equality Act 2010.

Part of this process will also consist of examining the health, socio-economic and new dimensions of inequalities amplified by the Coronavirus pandemic. This will looking at how different groups in the Borough have been affected by this period and work towards reducing these inequalities.

As part of this process, we would like to engage and consult with residents and local communities across the Borough to find out their views on our current equality objectives and use their feedback to develop the refreshed equality objectives that will form the basis of the strategy. We will want to make this process as inclusive as possible and as such will be consulting with a wide range of stakeholders and ensure they are representative of all communities. *A list of stakeholders has been sent separately.*

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2 Data Description

Answer the questions below so that there is a clear understanding about how the information will be used, who will use it etc. Remember that it's personal information (i.e. information about individuals) that you need to be concerned with. If you do not have answers to all the questions at this time, simply record what you do know.

<p>Whose information is being used?</p> <ul style="list-style-type: none"> - Are there additional concerns that need to be considered due to individuals sensitive/ complex circumstances? i.e. vulnerable person 	<p>The information that is being collected is through an online consultation and online focus groups. The consultation is open to all members of the public and we aim to ensure it is representative across groups that share a protected characteristic. The information that has been requested will not lead to the personal identification of any one person. However, the broad questions that have been asked, and the broad number of people that have been targeted for responses does mean that there is a strong possibility that a person(s) could identify themselves in an open text box should they wish to do so.</p>
<p>What information is being used?</p> <ul style="list-style-type: none"> - Consider the nature of this information E.g. Child's social care file 	<p>The questions that have been asked are centred around the current equality proposed outcomes and priorities for children and young people in Croydon. Therefore responses received should detail how important or unimportant people feel those priorities/ outcomes are.</p> <p>We have also requested information in relation to a participant's protected characteristics, in order to respond to the council's commitment to monitor equalities data. The nature of this information does not lead to the identification of any individual person, provided that respondents to not use the "other" text boxes to identify themselves.</p>
<p>Does it include special category or criminal offence data?</p>	<p>No</p>
<p>Can an individual be identified easily from the information?</p>	<p>No</p>

<p>What is the potential impact on privacy of this information?</p> <ul style="list-style-type: none"> - <i>What are the risks/ impact to an individual if this information was lost, stolen or manipulated?</i> - <i>E.g. could it be sold?</i> 	<p>Providing that individuals do not choose to, for any reason, add personal information into the free text boxes, there would be no potential risk or impact on privacy should this data be lost, stolen or manipulated. It provides no personal information to be used in anyway.</p> <p>However, should an individual respondent choose to share their information in the consultation, there would be a risk that that person could be identified or contacted should something untoward happen to the raw data set.</p>
<p>Will this change the manner in which we handle, use or protect this information? <i>e.g. should it be encrypted?</i></p>	<p>In order to mitigate this risk that an individual shares their personal information in free text boxes, the raw data set that is gathered through the get involved website, will only be handled by the two members of the team who are responsible for analysing the raw data set after it is initially exported. The data set will then be cleansed of any potentially personal information, and saved as a workable data set. The raw data set will then be deleted, and only the workable data set will be used.</p> <p>High level findings of the consultation will be shared with internal agencies and partners where appropriate and relevant to the development of the equality strategy, no personal information will be shared as part of this, and the full data set will be held by the Policy Team. The data will be deleted after two years.</p>

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3 Consultation process

Consider how to consult with relevant stakeholders.

When did you consult individuals?	Engagement to take place June 2020
How did you consult individuals?	Consultation to take place via online focus groups - retro workshops via Retrium as well as online survey using the 'Get Involved' platform
If not explain why it is not appropriate.	
Who else within the organisation have you consulted with?	We will consult with staff diversity networks, Executive Leadership Team (ELT), Departmental Leadership Team (DLT)
Do you need to speak with your processor to assist?	No
Do you plan to consult information security experts or any other experts?	Yes

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4 Assessment of necessity and proportionality of data usage

What is your lawful basis for processing?	We will not be processing personal data
Is consent being relied upon to share the information? Has explicit consent been obtained? Are data subjects able to opt out from giving consent?	Consent is not required as no personal data is being requested.
Does the processing actually achieve your purpose?	N/A
How will the information be collected? (Verbally, forms, intranet, interview, 3 rd party, anonymous)	Information is being collected via an online server and online focus groups, however as previously mentioned, personal data is not being requested.
Is there another way to achieve the same outcome?	No. We need to ensure that residents and partner organisations have had the opportunity to comment on joint strategic vision and priorities, in addition to ensuring that their feedback is used to develop the refreshed equality objectives that will form the basis of the strategy and they feel that we are working towards the right priorities to reducing inequalities in the Borough.
How will the information be used? <i>e.g. to write a report</i>	To develop the refreshed equality objectives that will form the basis of the Equality Strategy
Do the individuals know and understand how their information will be used? If there are changes to their information does the privacy notice need to be amended?	We will inform individuals how their information will be used as part of the consultation process
How will it be stored, kept up to date and disposed of when no longer required? <i>e.g. stored in locked cabinet/securely shredded</i>	<p>The data will only be gathered once and therefore will not be updated.</p> <p>The raw data set that is gathered through the get involved website, will only be handled by the two members of the team who are responsible for analysing the raw data set after it is initially exported. The data set will then be cleansed of any potentially personal information, and saved as a workable data set. The raw data set will then be deleted, and only the workable data set will be used.</p> <p>High level findings of the consultation will</p>

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	be shared with internal agencies and partners where appropriate and relevant to the development of equality strategy, no personal information will be shared as part of this, and the full data set will be held by the Policy Team. The data will be deleted after two years.
How will you ensure data quality and data minimisation?	N/A
Who will have access to the information within LBC? - <i>Include approximate number of users</i>	3 members of the policy team, 1 member of the communications and engagement team.
Are there new or significant changes to the way we manage, use, handle or collect this information? - <i>Include any identified concerns for the individuals, would these changes heighten risks involved</i>	No
Will individuals within an existing database be subject to new or changed handling? - <i>If yes amendments need to be made to the privacy notice and these individuals need to be informed.</i>	No
What are the internal arrangements for processing this information? <i>e.g. number of staff who will have access</i>	N/A – one time only data set
How will the information be updated? <i>e.g. monthly check</i>	N/A – one time only data set
Does the project involve the exchange of information outside of the UK and are there set standards for how the information will be treated? How will you safeguard international transfers?	No
How will you prevent function creep?	N/A – high level findings only will be shared which will be anonymous.

5 Assessment of the risks to the rights and freedoms of data subjects

You must describe the source of risk and the nature of potential impact upon individuals and identify any additional measures to mitigate those risks.

5a Security

Who will be responsible for the control for this information?	Policy Team
How will the access to this information be controlled?	The raw data set will be deleted after a workable data set is created. Therefore no risk of access to personal data.

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Is the data correctly managed to reduce the risk of collateral intrusion to the data subject?	N/A
Are there adequate provisions in place to protect the information? If so what are they? <i>e.g. Process, security</i>	N/A - as outlined above

5b Sharing

Who is the information shared with, why are we sharing the information with this organisation?	High level findings will be shared only, no personal data.
What purpose does the information we are sharing have to the third party? - <i>Ensure that we only share relevant information and not excessively</i>	Partners will only receive high level findings of the consultation. No personal data will be shared.
Who will have access to the information, externally? - <i>Include approximate number of users</i> - <i>Describe any sharing arrangements and what the level of access is. It may help to produce a diagram to show the data flows.</i>	As above.
How will it be transmitted to third parties and when? How often?	N/A
Is there a data sharing agreement in place?	N/A – as above
At what stage will the information be transferred?	N/A

5c Identified Risks and assessment:

You should take into account the sensitivity of the information and potential harm that inappropriate disclosure or use of the information could cause to any individuals concerned. You should also consider the reputational loss to the Council and the potential for financial penalties being imposed by the ICO.

To assess the level of risk you must consider both the **likelihood** and the **severity** of any impact on individuals. A high risk could result from either a high probability of some harm or a lower possibility of serious harm.

The severity impact level and likelihood should be scored on a scale of 1 to 10 with 1 being low severity and 10 high. The two scores should be **added** together. The RAG status is derived from the following scale:

Score:

- 15 to 20 = Red (High)
- 8 to 14 = Amber (Medium)
- Below 8 = Green (Low)

To be completed by Project Sponsor

Risk Identified	Severity of Impact	Likelihood of harm	Overall RAG rating
To focus on info that is shared before consent – is dob/ anon details of the family/ sw/mgr/lawyer/ reasons for eligibility	1	1	2 – Green= Low
A member(s) of the public may use the free text boxes in the consultation to identify themselves as an individual or provide personal data where it is not requested.	1	1	2 – Green= Low

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6 Identify measures put in place to reduce risk.

You must now identify additional measures you could take to reduce or eliminate any risk identified as medium or high risk in step 5.

To be completed by the Project Sponsor

Risk Identified	Options to reduce or eliminate risk	Effect on risk	Residual risk	Measure approved
A member(s) of the public may use the free text boxes in the consultation to identify themselves as an individual or provide personal data where it is not requested.	<ol style="list-style-type: none"> 1. Do not use free text boxes – this is not an option, as it does not allow us to gather the information that we require for an effective consultation. 2. One member of the policy team to review the raw data set and remove any indications of personal data, and save the new set as the workable data to be used for consultation analysis. The raw data set will then be permanently deleted. 	Eliminated	Low	Yes / No

<p>(in no particular order):</p> <p>1 Individuals contact details</p> <p><i>The Council should give further consideration to the individuals contact details (personal data). For example, are they retaining these in order to keep the individuals updated with the Policy's progress? If so;</i></p> <ul style="list-style-type: none"> • <i>the individuals would need to give their freely given consent,</i> • <i>the information should be kept secure,</i> • <i>the list should not used for other purposes and</i> • <i>the information should be deleted when no longer needed.</i> <p>2 Collecting information</p> <p><i>The form for collecting information must only request information needed for the drafting of the Policy (and not excessive information). It must also include a clear description of how the information will be handled (an appropriate Privacy Notice) and give their consent for their information to be used by the Council. I am happy to help with this drafting if you wish.</i></p> <p>3 Processors</p> <p><i>The DPIA mentions that the information will be collected via an external website. There should be the appropriate</i></p>		
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<i>contract clauses in place to ensure the website handles information properly (such as information security and deleting information).</i>		
Consultation responses reviewed by:		If your decision departs from individuals views you must explain your reasons.
DPIA to be keep under review by:		

If you require further guidance to complete this DPIA please contact:

Information Management Team (IMT)

Ext: 47777

Email: information.management@croydon.gov.uk

Data Protection Officer

Email: DPO@croydon.gov.uk

Equality Analysis Form

1. Introduction

1.1 Purpose of Equality Analysis

The council has an important role in creating a fair society through the services we provide, the people we employ and the money we spend. Equality is integral to everything the council does. We are committed to making Croydon a stronger, fairer borough where no community or individual is held back.

Undertaking an Equality Analysis helps to determine whether a proposed change will have a positive, negative, or no impact on groups that share a protected characteristic. Conclusions drawn from Equality Analyses helps us to better understand the needs of all our communities, enable us to target services and budgets more effectively and also helps us to comply with the Equality Act 2010.

An equality analysis must be completed as early as possible during the planning stages of any proposed change to ensure information gained from the process is incorporated in any decisions made.

In practice, the term '**proposed change**' broadly covers the following:-

- Policies, strategies and plans;
- Projects and programmes;
- Commissioning (including re-commissioning and de-commissioning);
- Service review;
- Budget allocation/analysis;
- Staff restructures (including outsourcing);
- Business transformation programmes;
- Organisational change programmes;
- Processes (for example thresholds, eligibility, entitlements, and access criteria).

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2. Proposed change

Directorate	Policy and Partnerships
Title of proposed change	Equality Strategy 2020-2024
Name of Officer carrying out Equality Analysis	Yvonne Okiyo

2.1 Purpose of proposed change (see 1.1 above for examples of proposed changes)

Briefly summarise the proposed change and why it is being considered/anticipated outcomes. What is meant to achieve and how is it seeking to achieve this? Please also state if it is an amendment to an existing arrangement or a new proposal.

The proposed draft Equality Strategy 2020-24 sets out the Council's commitment to tackling and addressing inequality in Croydon, through a set of draft equality objectives and measures, over the next four years in accordance with the Equality Act public sector duty.

Equity and inclusion is integral to achieving our ambitions for Croydon – it is the very foundation upon which we ensure residents are treated fairly and equitably by the Council, its partners and service providers, giving individuals the opportunity to be who they are and achieve the successes they aspire to. This is particularly important for those who are most disadvantaged, so they too, can reach their full potential.

We aim to value diversity and promote equity and inclusion through our service provision, and as an employer. The purpose of the Council's Equality Strategy is to provide a detailed insight into our ongoing commitment to equality, set out in one place our equality objectives and other arrangements for embedding equality into everything we do and, perhaps most importantly, set out where we must improve. We have developed this strategy in partnership with Croydon's residents, businesses, Voluntary and Community Sector (VCS) and staff – with a view to delivering a combined strategic vision for equality across the borough.

Croydon Council is the second largest of all the London boroughs in terms of population, with approximately 386,700 residents (ONS 2019).

Age and gender

Nearly a quarter of this figure (24.5%) is made up of young people aged 17 years or under. Croydon has the 4th largest proportion of young people in London which has implications on the types of services required to cater for the youth in Croydon.

There is a higher proportion of males compared to females in the 0-19 years age band; there is not a lot of difference between the proportions of males to females in the 20-39 years and 40-64 years age bands. In the above 65 years age band, there is a higher proportion of women to men.

Ethnicity

Just like other London boroughs, Croydon has a higher proportion of residents from the BAME communities compared to the national average. There was more diversity in the younger age group population in Croydon in 2011.

The proportion of Asian and Black residents in Croydon has been increasing since the 2011 Census. The proportion of White population is predicted to decrease by almost 10% by 2021.

Religion

Just over half (56.4%) of respondents to the 2011 Census in Croydon stated that they were Christian. About 1 in 5 (20.0%) stated that they had no religion. Significantly 7.6% of respondents did not state their religion.

Sexual Orientation

Sexual orientation was not captured by the 2011 Census. Based on ONS estimates, across London it was estimated that 2.6% of the population in 2014 identified themselves as gay, lesbian or bisexual. This was higher than the national average of 1.6%. By applying the London average to the Croydon population it was estimated that there were about 9,800 people in Croydon who would have identified as being gay, lesbian or bisexual.

Marital Status

The 2011 Census is the latest data source for marital status. The majority of adults aged over 16 in Croydon were either married or single in 2011.

Gender Identity

The Gender Identity and Research Society has estimated that nationally 1% of the population may be gender variant to some degree, with 0.2% of the population likely to seek medical treatment, at some stage, to present in the opposite gender.

Disability

There is not one comprehensive figure that can give a true picture of the total number of people with a disability in Croydon. The 2011 Census figures showed that 14.1% of the population in Croydon had their day-to-day activities limited to some extent by a long-term health problem or disability. 22,493 people had their day-to-day activities limited a lot, whilst 28,134 had their day-to-day activities limited a little

Our ResidentsCarers

The Census 2011 recorded 9.3% of the Croydon population as providing some form of unpaid care. This was slightly higher than the regional average of 8.5%. Of the 33,683 carers in Croydon, 65.5% provided up to 19 hours of unpaid care a week. However, 20.3%, equating to 6,870 people, provided 50 or more hours of unpaid care a week.

Proficiency in English

At the time of the 2011 census 14.5% of people in Croydon had a language other than English recorded as their main language. The majority could speak English well but around 1 in 6 of this group (17.2%) amounting to 2.5% of the total Croydon population at the time could not speak English well or at all.

Only 5.4% of 8 to 9 year olds were unable to speak English or could not speak English well. These children made up only 0.4% of all the 8 to 9 year olds in Croydon. Over half (51.5%) of those aged over 85 years could not speak English well or were unable to speak English. This older cohort made up 2.9% of all 85+ year olds in Croydon. A higher proportion of females (19.7%) compared to males (14.5%) could not speak English or speak English well.

Deprivation

Croydon has become relatively less deprived compared to other local authorities in England between IMD 2015 and IMD 2019

There remains geographic inequality in the distribution of deprivation in the borough with the North and East of the borough remaining more deprived

Wealth Inequality

There remains geographic inequality in the distribution of wealth in the borough with the North and East of the borough remaining more deprived. Croydon contains some of the poorest neighbourhoods in the country.

Education and Skills

- Attainment at Key Stage 2 is improving in Croydon but there is still more to do in this area.
- Take up of funded hours in early years settings is still below national and regional levels
- Whilst, in recent years, Croydon's GLD has been above the national, it has remained stubbornly lower in all aspects of language development, particularly in the aspect of 'speaking'.
- The proportion of children achieving grades AAB or above at Key Stage 5 is much lower than the national and regional averages
- Since 2015 at local, regional and national levels there has been a lower proportion of children from Black backgrounds achieving Attainment 8 scores
- Like with England as a whole Black Caribbean pupils in Croydon have the greatest level of disproportionately when it comes to exclusion from school.

Economy

- The job density rate measures the ratio of total jobs population aged 16-64 years. The Croydon rate is lower than national and regional levels.
- The proportion of out of work claimants has risen by around 5% since March 2020 – directly as a result of the impact of the Covid19 pandemic on the economy.
- There has been a huge increase in unemployment for 18-24 year olds and 50-64 year olds since April 2020.
- Croydon rate of out of work claimants has increased.

Housing

- Croydon had 1,657 net additional dwellings in 2019/2020. This is a 42% reduction on the 2016/2017 figure.
- For 2019/2020, 7 in 10 homeless households in Croydon were made up of residents from the non-White communities.
- Social housing in Croydon is mainly concentrated in the northern parts and the eastern edge of the borough.
- Over the years, by far the highest proportion of accepted homeless households in Croydon have been made up of lone parents with dependent children
- Latest figures for 2019/2020 show that more than half (56%) of homeless people in Croydon are in the 25-44 years age band
- There has been a disproportionately high percentage of homeless people from the Black community, both currently and historically.

Health

- Childhood immunisation rates continue to be lower in Croydon than across London and England
- The estimated dementia diagnosis rate for 65+ years has been going up every year in Croydon.
- Croydon has the 6th highest proportion of adults (aged 18+) classified as overweight or obese in London.

Social Isolation

In Croydon, there are an estimated 9,860 older people who are lonely and 5,423 older people who experience intense loneliness. There are also 17,227 people aged 18-64 who are socially isolated.

In addition, recent research has shown that 48% of Croydon residents would be willing to do more to support a neighbour; this may also have a positive impact on the health and wellbeing of the population, and social isolation.

Findings - workforce

Croydon Council is one of the largest local authorities in London, employing over 3000 staff. In the financial year 2018/19 it published its [workforce profile](#) that indicated:

- Croydon staff are largely women, with almost two-thirds (65.4%) of LBC employees being reported as female.
- The vast majority of council staff reported their current gender to be the same as their birth gender. Under one percent of individuals disclosed that their current gender deviates from their birth gender and only 1.9% of individuals chose not to provide any details of their gender reassignment.
- A slight minority of 43.2% of employees are of non-white ethnicity, with 55.6% of Croydon staff being of white ethnicity, and 1.2% choosing not to disclose their ethnicity.
- The vast majority (89.4%) of Croydon employees have no reported disabilities, with 8.8% of employees reporting a disability. A fraction (1.8%) of the employees in question chose to not disclose their disability status.
- Across the range of Croydon Council staff, over 70% of employees fell between the ages of 35 and 60. The best represented age range was from 50 – 55, constituting almost 21% of Croydon staff. 16 – 20 and 70+ were the most poorly represented age brackets, accounting for only 0.7% and 0.8% of total LBC staff, respectively.
- A large majority (79.4%) of Council staff reported as being heterosexual. In contrast, a combined total of less than 10% of employees reported to be non-heterosexual, pertaining to homosexual/gay, bi-sexual, or other sexual preferences. Under a fifth of employees (15.6%) chose not to disclose their sexual orientation.
- Over half (52.4%) hold Christian beliefs. The second largest group was employees with no religious beliefs, which comprised of 24.2% of Croydon Council staff. Just over one in ten (12.3%) chose not to disclose their religious practice and a combined total of less than 10% of employees held Muslim, Jewish, Hindu, Sikh or Buddhist beliefs. A small minority (3.9%) of council employees held religious and/or beliefs which varied from those provided stated in the equality questionnaire.
- The vast majority (66.6%) of staff are married. Never married/ civil partnership was the second most abundant status, comprising of 20.6% of council employees. Nearly one in ten council employees reported to have divorced from their spouse, with 1.7% of employees being separated but still legally married.

Whilst the Council has a positive gender mix, there is still more to do on ethnicity and disability if we are to meet our aspiration of employing a workforce that is representative of our communities.

The equalities monitoring of our workforce indicates that there is an under-representation within the workforce across salary ranges, with a negative funneling of representation for BAME staff at senior level.

National context

The strategy is being developed against a backdrop of prevalent international and national themes, which have been particularly highlighted in recent months by the Covid-19 pandemic. The virus has been unequal in its impact, in particular on BAME communities, but this is a result of long standing structural inequalities and socio-economic determinants of health. We have also seen a strong social response to racism through the Black Lives Matter movement. Whilst media focus may have been on cases in the USA, racism remains a very real issue for us to tackle in the UK as well. Since the EU referendum we have seen a rise in hate crimes and racism. These provide the context for the backdrop against which the strategy has been written.

Local contextEquality Framework for Local Government (EFLG): Equality Peer Challenge

The EFLG is a national benchmarking and assessment tool that helps local authorities to identify what they do well and where they can make improvements to, and deliver better equality outcomes for staff, residents and service users.

In November 2019, the Council asked the Local Government Association (LGA) to conduct an Equality Peer Challenge against the “Achieving” level of the Equality Framework for Local Government Accreditation. It undertook a self-assessment against five performance criteria:

- Knowing your communities
- Leadership, partnership and organisational commitment
- Involving your communities
- Responsive services and customer care
- A skilled and committed workforce

The Council satisfied the criteria for the Achieving level of the EFLG, the level we agreed to be assessed. The LGA made a number of recommendations to improve equality outcomes based upon the findings during the 3 day visit, which are set out [here](#).

Stonewall 2019/20 Workplace Equality Index

Croydon Council has been a Stonewall Diversity Champion and participated in the Stonewall Workplace Equality Index since 2014. This process assesses the Council’s progress on lesbian, gay, bi and trans inclusion in the workplace.

The process allowed the Council to demonstrate its work in the following ten areas of employment policy and practice:

- Policies and benefits
- The employee lifecycle
- LGBT employee network group Allies and role models
- Senior leadership
- Monitoring
- Procurement
- Community engagement
- Clients, customers and service users
- Additional work

In 2019, Croydon was ranked 148 out of over 500 organisations that took part. Stonewall made a number of recommendations to improve inclusion for lesbian, gay, bi and trans employees in the workplace. This can be found [here](#)

We use equality information – qualitative and quantitative - to inform our strategies and plans. The information in these documents continues to improve but we acknowledge there are data gaps within existing sources which require further analysis and/or a need to find out information about new protected characteristics.

Reliable information is a critical tool that helps us demonstrate fairness and how we are using it in practical ways to improve people's lives. However, it is clear that in some cases we don't have the information or that we have the information but it hasn't been used in any analysis. We have data gaps in our information about some vulnerable groups of people and where we do have information it is not always sophisticated enough to allow us to draw useful inferences. For example we have patchy information about people who identify themselves as lesbian, gay, bisexual or transgender, religious/faith groups, newer communities as well as some of the of the new protected characteristics. There are gaps in our data about who uses our frontline services, especially transactional activity such as over the counter, over the telephone and using the web. We also have basic information about the number of complaints about discrimination but not the nature.

3. Impact of the proposed change

Important Note: It is necessary to determine how each of the protected groups could be impacted by the proposed change. Who benefits and how (and who, therefore doesn't and why?) Summarise any positive impacts or benefits, any negative impacts and any neutral impacts and the evidence you have taken into account to reach this conclusion. Be aware that there may be positive, negative and neutral impacts within each characteristic.

Where an impact is unknown, state so. If there is insufficient information or evidence to reach a decision you will need to gather appropriate quantitative and qualitative information from a range of sources e.g. Croydon Observatory a useful source of information such as Borough Strategies and Plans, Borough and Ward Profiles, Joint Strategic Health Needs Assessments <http://www.croydonobservatory.org/> Other sources include performance monitoring reports, complaints, survey data, audit reports, inspection reports, national research and feedback gained through engagement with service users, voluntary and community organisations and contractors.

3.1 Deciding whether the potential impact is positive or negative

Table 1 – Positive/Negative impact

For each protected characteristic group show whether the impact of the proposed change on service users and/or staff is positive or negative by briefly outlining the nature of the impact in the appropriate column. . If it is decided that analysis is not relevant to some groups, this should be recorded and explained. In all circumstances you should list the source of the evidence used to make this judgement where possible.

Protected characteristic group(s)	Positive impact	Negative impact	Source of evidence
Age	The draft equality outcome to work with our residents to better understand our communities will see the Council proactively empowering local people to participate and get involved in making decisions. This will include working with partners to provide more	N/A	Borough Profile Croydon Observatory Consultation

opportunities for young people to share their views. The Council will also commit to empowering local people to participate and get involved in making decisions. It will engage and listen to staff residents and communities and work towards having open, honest and culturally appropriate conversations.

The Council will develop an annual equality communications plan to it undertake effective, consistent and meaningful communications with staff, residents, communities and partners as well as share key messages on matters of equality and inclusion.

The plan will aim to champion equality, fairness, foster good relations between communities and counter discrimination, negative stereotypes or dispel myths. This also relates to the draft objective to ensure information about the council's work towards tackling inequality is easy to access and understand particularly for groups like older and young people

The council to work with its partners to identify gaps, assess needs, set priorities and equalities objectives. It will use data and insight to review, rationalise and redesign services, with a focus on meeting priority needs, identifying those with the highest degree of need and tailoring interventions to meet these as well as locating our services where they are needed.

Draft outcome 3 focuses on use partnerships to improve access and meet individual needs as they arise. The Council faces challenges around deprivation and inequalities in a range

[Is Britain Fairer? The state of equality and human rights](#)

[Health Inequity in England - The Marmot Review- 10 Years On](#)

LGBT Needs Assessment

of domains relating to income health, education and housing.

Young people in more deprived areas and those eligible for free school meals continue to have lower levels of attainment. This also relates to the draft objective to recognise the needs of individual groups and provide support to the most disadvantaged groups in the borough such as young care leavers and young BAME from specific communities. It will work with its partners to enable better education outcomes by offering support to vulnerable groups in targeted areas of the borough, including boys and those eligible for the PPG.

Like England as a whole, Black Caribbean pupils in Croydon have the greatest level of disproportionately when it comes to exclusion from school. The Council will continue to work with schools, local health services, and the community to reduce the need to exclude pupils.

In the East of the Borough there are known issues around lower average attainment scores for pupils, and a higher proportion of adults with no qualifications. Adults from a White ethnic background in Croydon in the 2011 Census were more likely to have no qualifications than adults from any other ethnic background. A third of the residents in both Fieldway and New Addington had no qualifications recorded. The proportion of White British residents in Fieldway and New Addington were 61.3% and 72.8% respectively. This also relates to the draft objective to offer support to groups that need it most to enable better education outcomes as well as to the draft objective to ensure

services are proactive in targeting groups that have accessibility issues as a result of mental health and language barriers

In common with much of the country, local child and adolescent mental health services are struggling to keep up with demand, often resulting in critical time being lost before diagnosis of developmental or mental health disorders. We want the local health service to work with the council and schools to look at new models that do more to bring services into schools and to work with families much earlier when there are problems.

Draft objective 2 under this outcome aims to support the creation of jobs that enhance quality of life particularly targeting those underrepresented in the employment sector identified as young people with income deprivation affecting children, 16% of children living in low income families and Croydon having the highest number of Looked After Children in London.

Draft outcome 4 of the strategy will focus on people in Croydon being supported to be in good health. Objective 1 under this outcome will see the Council working with partners to further tackle social isolation and bring people together, this will have a positive impact on older people

Objective 3 under this outcome will see the council work with its partners to open the door to health services, and support them to make sure residents know where and how to access services

The Council will also ensure it commissions suppliers that help us to address inequity and monitor their impact through our contract management framework. This will help us design and bring a focus on identifying and addressing issues and barriers that service users may have accessing services. Services should consider the needs of LGBT+ people across the life course, particularly for older people and consider individuals' previous experiences (e.g. discrimination).

The draft objective to increase our network across untapped communities, specifically harder to reach groups and their community leaders is designed to bring the focus to improving engagement mechanisms and structural barriers to enable people across a range of protected characteristics/under-represented groups to influence and participate in the decision making process.

Services will be required to be proactive in targeting groups that have accessibility issues. This will bring a focus to barriers to access to services on grounds of disability - physical, mental, digital and language. This will have a positive impact on older people

The draft objective to ensure our partners feel supported to reduce inequalities and discrimination that lead to school exclusions and young people entering the criminal justice system is designed to bring the focus on issues such as racial discrimination in schools, adultification and over-policing of young black boys, reducing the number of first time entrants to CJS, reducing school exclusions for groups such as Black

	Caribbean, looked after children and Gypsy, Roma and Traveller pupils		
Disability	<p>The draft objective that the Council's workforce reflects our diverse communities at all levels and take steps to close the disability pay gaps will have a positive impact on people living with a disability as they will be more represented at senior levels within the organisation</p> <p>The draft equality outcome to work with our residents to better understand our communities will see the Council proactively empowering local people to participate and get involved in making decisions. The Council will also commit to empowering local people to participate and get involved in making decisions. It will engage and listen to staff, residents and communities and work towards having open, honest and culturally appropriate conversations. This will give a positive impact on people living with visible and invisible disabilities.</p> <p>The Council will develop an annual equality communications plan to help it undertake effective, consistent and meaningful communications with it staff, residents, communities and partners as well as share key messages on matters of equality and inclusion.</p> <p>The plan will aim to champion equality, fairness, foster good relations between communities and counter discrimination, negative stereotypes or dispel myths.</p> <p>The council will work with its partners to identify gaps, assess needs, set priorities and equalities objectives. It will use data and insight to review, rationalise and redesign services, with a focus on meeting priority</p>	N/A	<p>Consultation</p> <p>Equality Framework for Local Govt. Accreditation</p> <p><u>Is Britain Fairer? The state of equality and human rights</u></p>

needs, identifying those with the highest degree of need and tailoring interventions to meet these as well as locating our services where they are needed. This will give a positive impact on people living with visible and invisible disabilities.

Draft outcome 3 of the strategy will see the council using partnerships to improve access and meet individual needs as they arise

Draft objective 2 under this outcome aims to support the creation of jobs that enhance quality of life particularly targeting those underrepresented in the employment sector identified as people with disabilities. The Council will work with its partners including developers to continue to create fair employment and good work for all and in particular those furthest away from the job market as we work towards building an inclusive economy.

Draft objective 3 under this outcome will ensure services are proactive in targeting groups that have accessibility issues as a result of disability, age, mental health, language, digital and/ or physical barriers is designed to bring to focus challenges around equity of access to services and buildings.

The Council will take steps to ensure access to and appropriateness of services is monitored regularly. We will work towards supporting access to translation is easy, available and utilised and accommodate the needs of sight and hearing impaired staff and members of the public.

Draft outcome 4 of the strategy will focus on ensuring people in Croydon are supported to be in good health. Objective 1 under this outcome will see the Council working with partners to further tackle social isolation and bring people together

Objective 3 under this outcome will see the council work with its partners to open the door to health services, and support them to make sure residents know where and how to access services. This is designed to bring the focus to barriers to access to services on grounds of disability - physical, mental, digital and language

The draft equality objective to become a visible and active community leader and ambassador of equality by addressing social inequities is designed to bring to focus challenges around deprivation and inequalities in regards to income. It will not only focus on income, but on other factors including health, education and housing to bring greater focus to the needs of those at greatest or at risk of becoming further disadvantaged. Disabled people are also more likely to be in poverty. They also face poorer health and lack of access to suitable housing. Without the fundamental building blocks of good education, an adequate standard of living, and being safe and healthy, disabled people are often unable to participate fully in society. This also relates to the draft objective to recognise the needs of individual groups and provide support to the most disadvantaged groups in the borough.

The draft objective services are proactive in targeting groups that have accessibility

	<p>issues as a result of disability, age, mental health, language and/ or physical barriers</p> <p>The Council will also develop an autism strategy to raise awareness of autism and key challenges in the Borough</p>		
Gender	<p>The draft equality outcome to work with our residents to better understand our communities will see the Council proactively empowering local people to participate and get involved in making decisions. This will include increasing its networks across seldom heard groups, currently identified as women.</p> <p>The draft equality outcome to work with our residents to better understand our communities will see the Council proactively empowering local people to participate and get involved in making decisions. The Council will also commit to empowering local people to participate and get involved in making decisions. It engage and listen to staff residents and communities and work towards having open, honest and culturally appropriate conversations</p> <p>The Council will develop an annual equality communications plan to help us undertake effective, consistent and meaningful communications with our staff, residents, communities and partners as well as share key messages on matters of equality and inclusion.</p> <p>The plan will aim to champion equality, fairness, foster good relations between communities and counter discrimination, negative stereotypes or dispel myths.</p> <p>The council to work with its partners to identify gaps, assess needs, set priorities and</p>	N/A	

equalities objectives. It will use data and insight to review, rationalise and redesign services, with a focus on meeting priority needs, identifying those with the highest degree of need and tailoring interventions to meet these as well as locating our services where they are needed.

Draft objective 2 under this outcome aims to support the creation of jobs that enhance quality of life particularly targeting those underrepresented in the employment sector identified as women. The Council will work with its partners including developers to continue to create fair employment and good work for all and in particular those furthest away from the job market as we work towards building an inclusive economy.

The draft equality objective to see more residents are given support to enter education, gain skills and access quality employment is designed to bring focus to challenges around gender stereotypes where young women are under-represented in STEM courses, despite girls performing better than boys in education, gender segregation is also prominent in apprenticeships. All of these factors contribute to women still being more likely to be in low-pay occupations. This also relates to the draft objective more residents are given support to enter education, gain skills and access quality employment as well as the draft objective to offer support to groups that need it most to enable better education outcomes

Sexual and domestic violence is a persistent and growing concern, and affects women and

	<p>girls disproportionately. This will be addressed by the future Community Safety Strategy.</p> <p>Draft outcome 4 of the strategy will focus on people in Croydon being supported to be in good health. Objective 1 under this outcome will see the Council working with partners to further tackle social isolation and bring people together</p> <p>Objective 3 under this outcome will see the council work with its partners to open the door to health services, and support them to make sure residents know where and how to access services.</p>		
Gender Reassignment	<p>The draft objective to increase our network across untapped communities, specifically seldom heard groups and their community leaders is designed to bring the focus to improving engagement mechanisms and structural barriers to enable people across a range of protected characteristics/under-represented groups to influence and participate in the decision making process. This will have a positive impact on those from this community.</p> <p>The Council will develop an annual equality communications plan to help us undertake effective, consistent and meaningful communications with our staff, residents, communities and partners as well as share key messages on matters of equality and inclusion.</p> <p>The plan will aim to champion equality, fairness, foster good relations between communities and counter discrimination, negative stereotypes or dispel myths.</p>	N/A	

	<p>The council to work with its partners to identify gaps, assess needs, set priorities and equalities objectives. It will use data and insight to review, rationalise and redesign services, with a focus on meeting priority needs, identifying those with the highest degree of need and tailoring interventions to meet these as well as locating our services where they are needed. This will have a positive impact on those from this community.</p>		
Marriage or Civil Partnership	<p>None specifically identified from the information provided in the sources mentioned previously.</p>	N/A	
Religion or belief	<p>The draft equality outcome to work with our residents to better understand our communities will see the Council proactively empowering local people to participate and get involved in making decisions. The Council will also commit to empowering local people to participate and get involved in making decisions. It engage and listen to staff residents and communities and work towards having open, honest and culturally appropriate conversations</p> <p>The Council will develop an annual equality communications plan to help us undertake effective, consistent and meaningful communications with our staff, residents, communities and partners as well as share key messages on matters of equality and inclusion.</p> <p>The plan will aim to champion equality, fairness, foster good relations between communities and counter discrimination, negative stereotypes or dispel myths.</p> <p>The council to work with its partners to identify gaps, assess needs, set priorities and equalities objectives. It will use data and insight to review, rationalise and redesign</p>		

	<p>services, with a focus on meeting priority needs, identifying those with the highest degree of need and tailoring interventions to meet these as well as locating our services where they are needed.</p> <p>A number of draft equality objectives are designed to improve the outcomes for people who share this protected characteristic in particular bring greater focus to the issues affecting living in the poorest parts of the borough and those who experience hate crime.</p>		
Race	<p>The draft equality outcome to work with our residents to better understand our communities will see the Council proactively empowering local people to participate and get involved in making decisions. This will include increasing its network across seldom heard groups, currently identified refugee and asylum seekers</p> <p>The draft objective that the Council's workforce reflects our diverse communities at all levels will provide more equity of opportunity for BAME staff who are underrepresented at senior levels within the organisation. It will also take steps to close the ethnicity pay gap</p> <p>The draft equality outcome to work with our residents to better understand our communities will see the Council proactively empowering local people to participate and get involved in making decisions. The Council will also commit to empowering local people to participate and get involved in making decisions. It engage and listen to staff residents and communities and work towards having open, honest and culturally appropriate conversations</p>	N/A	<p>Workforce Strategy</p> <p>Workforce Profile</p> <p>Consultation</p> <p><u>Is Britain Fairer? The state of equality and human rights</u></p>

The Council will develop an annual equality communications plan to help us undertake effective, consistent and meaningful communications with our staff, residents, communities and partners as well as share key messages on matters of equality and inclusion.

The plan will aim to champion equality, fairness, foster good relations between communities and counter discrimination, negative stereotypes or dispel myths.

The council will work with its partners to identify gaps, assess needs, set priorities and equalities objectives. It will use data and insight to review, rationalise and redesign services, with a focus on meeting priority needs, identifying those with the highest degree of need and tailoring interventions to meet these as well as locating our services where they are needed.

Draft objective 2 under this outcome aims to support the creation of jobs that enhance quality of life particularly targeting those underrepresented in the employment sector identified as BAME. The Council will work with its partners including developers to continue to create fair employment and good work for all and in particular those furthest away from the job market as we work towards building an inclusive economy.

Draft outcome 4 of the strategy focuses on people in Croydon being supported to be in good health. Public Health England released a review of the disparities in risk and outcomes of COVID-19 in June 2020, with a follow up paper on understanding the impact

of COVID-19 on BAME Communities which contained recommendations for action. . Harms caused by COVID-19 has replicated existing health inequalities, and in some cases increased them.

The largest disparity found was age, but the risk of dying among those diagnosed with COVID-19 was also higher in males, than females; higher in those living in the more deprived areas than those living in the least deprived; and higher in those in Black, Asian and Minority Ethnic (BAME) groups than in White ethnic groups.

Objective 3 under this outcome will see the council work with its partners to open the door to health services, and support them to make sure residents know where and how to access services

The draft equality objective to become a visible and active community leader and ambassador of equality by addressing social inequities is designed to bring to focus challenges around deprivation and inequalities in regards to income. It will not only focus on income, but on other factors including health, education and housing to bring greater focus to the needs of those at greatest or at risk of becoming further disadvantaged.

Poverty is prevalent among some ethnic minorities. Black African, Bangladeshi and Pakistani people are still the most likely to live in poverty and deprivation, and – given the damaging effects of poverty on education, work and health – families can become locked into disadvantage for generations

Gypsy, Roma and Travellers face multiple disadvantages across different areas of life. They achieve below-average results at school, experience difficulties accessing healthcare, worse health, and often have low standards of housing.

Homelessness is also on the rise, putting more people in a precarious position and particularly affecting people from ethnic minorities. Of the households accepted as homeless in Croydon, around half are made up of people from the Black community, around a quarter are from the White community with the remainder made up of residents from all the other communities.

This also relates to the draft objective to recognise the needs of individual groups and provide support to the most disadvantaged groups in the borough.

The draft objective more residents are given support to enter education, gain skills and access quality employment is designed to bring focus to the need for equitable access to quality education, housing and living environments and in particular those from disadvantaged backgrounds.

The draft objective to increase our network across untapped communities, specifically harder to reach groups and their community leaders is designed to bring the focus to improving engagement mechanisms and structural barriers to enable people across a range of protected characteristics/under-represented groups to influence and participate in the decision making process. This also relates to the draft objective to ensure information about the council's work

	towards tackling inequality is easy to access and understand as well as the draft objective to ensure key information about local communities is collected, analysed and used to inform decisions and improve services		
Sexual Orientation	<p>The draft equality outcome to work with our residents to better understand our communities will see the Council proactively empowering local people to participate and get involved in making decisions. This will include increasing its network across seldom heard groups, currently identified as LGBT+</p> <p>The draft equality outcome to work with our residents to better understand our communities will see the Council proactively empowering local people to participate and get involved in making decisions. The Council will also commit to empowering local people to participate and get involved in making decisions. It engage and listen to staff residents and communities and work towards having open, honest and culturally appropriate conversations</p> <p>The Council will develop an annual equality communications plan to help us undertake effective, consistent and meaningful communications with our staff, residents, communities and partners as well as share key messages on matters of equality and inclusion.</p> <p>The plan will aim to champion equality, fairness, foster good relations between communities and counter discrimination, negative stereotypes or dispel myths.</p> <p>The council will work with its partners to identify gaps, assess needs, set priorities and equalities objectives. It will use data and insight to review, rationalise and redesign</p>	N/A	<p>Stonewall Workplace Equality Index</p> <p>Equality Framework for Local Govt. Accreditation</p> <p>LGBT Needs Assessment (Draft)</p>

services, with a focus on meeting priority needs, identifying those with the highest degree of need and tailoring interventions to meet these as well as locating our services where they are needed.

The council work with its partners to open the door to health services, and support them to make sure residents know where and how to access services, this will have a positive impact on those who identify as LGBT+

The draft objective to ensure we commission suppliers that help us to address inequity and monitor their impact through our contract management framework is designed to bring a focus on identifying and addressing issues and barriers that service users may have accessing services (across protected characteristics and the life course). This would include monitoring their client and customer base to increase their reach and impact across all protected characteristics

A number of draft equality objectives are designed to improve the outcomes for people who share this protected characteristic in particular bring greater focus to the issues affecting living in the poorest parts of the borough and those who experience hate crime.

The draft objective to increase our network across untapped communities, specifically harder to reach groups and their community leaders is designed to bring the focus to improving engagement mechanisms and structural barriers to enable people across a range of protected characteristics/under-

	<p>represented groups to influence and participate in the decision making process. This also relates to the draft objective to ensure key information about local communities is collected, analysed and used to inform decisions and improve services</p>		
Pregnancy or Maternity	<p>The draft objective to ensure that our decision making reflects the views of Croydon residents by creating a diverse workforce is designed to bring a focus on pursuing a workforce diversity profile that reflects the local community at all levels. Bullying and sexual harassment are widespread in the workplace and in education, and three-quarters of new mothers have had a negative or potentially discriminatory experience at work as a result of pregnancy or maternity Objective will be aligned with the Workforce Strategy</p> <p>The draft equality outcome to work with our residents to better understand our communities will see the Council proactively empowering local people to participate and get involved in making decisions. The Council will also commit to empowering local people to participate and get involved in making decisions. It engage and listen to staff residents and communities and work towards having open, honest and culturally appropriate conversations</p> <p>The Council will develop an annual equality communications plan to help us undertake effective, consistent and meaningful communications with our staff, residents, communities and partners as well as share key messages on matters of equality and inclusion.</p> <p>The plan will aim to champion equality, fairness, foster good relations between</p>	N/A	<p><u>Is Britain Fairer? The state of equality and human rights</u></p>

	communities and counter discrimination, negative stereotypes or dispel myths.		
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Important note: You must act to eliminate any potential negative impact which, if it occurred would breach the Equality Act 2010. In some situations this could mean abandoning your proposed change as you may not be able to take action to mitigate all negative impacts.

When you act to reduce any negative impact or maximise any positive impact, you must ensure that this does not create a negative impact on service users and/or staff belonging to groups that share protected characteristics. **Please use table 4 to record actions that will be taken to remove or minimise any potential negative impact**

3.2 Additional information needed to determine impact of proposed change

Table 2 – Additional information needed to determine impact of proposed change

If you need to undertake further research and data gathering to help determine the likely impact of the proposed change, outline the information needed in this table. Please use the table below to describe any consultation with stakeholders and summarise how it has influenced the proposed change. Please attach evidence or provide link to appropriate data or reports:

Additional information needed and or Consultation Findings	Information source	Date for completion
In some cases we don't have the information or that we have the information but it hasn't been used in any analysis. We have data gaps in our information about some vulnerable groups of people and where we do have information it is not always sophisticated enough to allow us to draw useful inferences. For example we have patchy information about people who identify themselves as lesbian, gay, bisexual or transgender, religious/faith groups, newer communities as well as some of the of the new protected characteristics. There are gaps in our data about who uses our frontline services, especially transactional activity such as over the counter, over the telephone and using the web. We also have basic information about the number of complaints about discrimination but not the nature.		Ongoing

For guidance and support with consultation and engagement visit <https://intranet.croydon.gov.uk/working-croydon/communications/consultation-and-engagement/starting-engagement-or-consultation>

3.3 Impact scores

Example

If we are going to reduce parking provision in a particular location, officers will need to assess the equality impact as follows;

1. Determine the Likelihood of impact. You can do this by using the key in table 5 as a guide, for the purpose of this example, the likelihood of impact score is 2 (likely to impact)

2. Determine the Severity of impact. You can do this by using the key in table 5 as a guide, for the purpose of this example, the Severity of impact score is also 2 (likely to impact)
3. Calculate the equality impact score using table 4 below and the formula **Likelihood x Severity** and record it in table 5, for the purpose of this example - **Likelihood (2) x Severity (2) = 4**

Table 4 – Equality Impact Score

Severity of Impact	3	3	6	9
	2	2	4	6
	1	1	2	3
		1	2	3
	Likelihood of Impact			

Key

Risk Index	Risk Magnitude
6 – 9	High
3 – 5	Medium
1 – 3	Low

Equality Analysis

Table 3 – Impact scores

Column 1 PROTECTED GROUP	Column 2 LIKELIHOOD OF IMPACT SCORE	Column 3 SEVERITY OF IMPACT SCORE	Column 4 EQUALITY IMPACT SCORE
	Use the key below to score the likelihood of the proposed change impacting each of the protected groups, by inserting either 1, 2, or 3 against each protected group. 1 = Unlikely to impact 2 = Likely to impact 3 = Certain to impact	Use the key below to score the severity of impact of the proposed change on each of the protected groups, by inserting either 1, 2, or 3 against each protected group. 1 = Unlikely to impact 2 = Likely to impact 3 = Certain to impact	Calculate the equality impact score for each protected group by multiplying scores in column 2 by scores in column 3. Enter the results below against each protected group. Equality impact score = likelihood of impact score x severity of impact score.
Age	1	1	1
Disability	1	1	1
Gender	1	1	1
Gender reassignment	1	1	1
Marriage / Civil Partnership	1	1	1
Race	1	1	1
Religion or belief	1	1	1
Sexual Orientation	1	1	1
Pregnancy or Maternity	1	1	1

Equality Analysis

4. Statutory duties

4.1 Public Sector Duties

Tick the relevant box(es) to indicate whether the proposed change will adversely impact the Council's ability to meet any of the Public Sector Duties in the Equality Act 2010 set out below.

Advancing equality of opportunity between people who belong to protected groups

Eliminating unlawful discrimination, harassment and victimisation

Fostering good relations between people who belong to protected characteristic groups

Important note: If the proposed change adversely impacts the Council's ability to meet any of the Public Sector Duties set out above, mitigating actions must be outlined in the Action Plan in section 5 below.

5. Action Plan to mitigate negative impacts of proposed change

Important note: Describe what alternatives have been considered and/or what actions will be taken to remove or minimise any potential negative impact identified in Table 1. Attach evidence or provide link to appropriate data, reports, etc:

Table 4 – Action Plan to mitigate negative impacts

Complete this table to show any negative impacts identified for service users and/or staff from protected groups, and planned actions mitigate them.

Protected characteristic	Negative impact	Mitigating action(s)	Action owner	Date for completion
Disability				
Race				
Sex (gender)				
Gender reassignment				
Sexual orientation				
Age				
Religion or belief				
Pregnancy or maternity				

Equality Analysis

Marriage/civil partnership				
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6. Decision on the proposed change

Based on the information outlined in this Equality Analysis enter X in column 3 (Conclusion) alongside the relevant statement to show your conclusion.		
Decision	Definition	Conclusion - Mark 'X' below
No major change	Our analysis demonstrates that the policy is robust. The evidence shows no potential for discrimination and we have taken all opportunities to advance equality and foster good relations, subject to continuing monitoring and review. If you reach this conclusion, state your reasons and briefly outline the evidence used to support your decision.	x
Adjust the proposed change	We will take steps to lessen the impact of the proposed change should it adversely impact the Council's ability to meet any of the Public Sector Duties set out under section 4 above, remove barriers or better promote equality. We are going to take action to ensure these opportunities are realised. If you reach this conclusion, you must outline the actions you will take in Action Plan in section 5 of the Equality Analysis form	
Continue the proposed change	We will adopt or continue with the change, despite potential for adverse impact or opportunities to lessen the impact of discrimination, harassment or victimisation and better advance equality and foster good relations between groups through the change. However, we are not planning to implement them as we are satisfied that our project will not lead to unlawful discrimination and there are justifiable reasons to continue as planned. If you reach this conclusion, you should clearly set out the justifications for doing this and it must be in line with the duty to have due regard and how you reached this decision.	
Stop or amend the proposed change	Our change would have adverse effects on one or more protected groups that are not justified and cannot be mitigated. Our proposed change must be stopped or amended.	
Will this decision be considered at a scheduled meeting? e.g. Contracts and Commissioning Board (CCB) / Cabinet		Meeting title: Cabinet Date: 18.02.21

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7. Sign-Off

Equality Analysis

Officers that must approve this decision	
Equalities Lead	Name: Yvonne Okiyo Date: 20.01.21 Position: Equalities Manager
Director	Name: Gavin Handford Date: 20.01.21 Position: Director Policy and Partnerships

EQUALITY STRATEGY FOR CROYDON

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2020 – 2024

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OUTCOME 1 The Council addresses social inequities as a community leader and an employer	OUTCOME 2 We work with our residents to better understand our communities	OUTCOME 3 Use partnerships to improve access and meet individual needs as they arise	OUTCOME 4 People in Croydon are supported to be in good health

FOREWORD

I am pleased to introduce the Council's Equality Strategy 2020-2024 which provides a framework for our equality objectives, what we want to achieve, actions we will take to tackle and address inequality and how we will measure our progress. This is a living document that will be updated every year so that our staff, residents and communities are clear about the progress we have made.

We are very proud of our borough, its diverse mix of people and places that make it a great place to live and work. We want growth that will benefit all our communities, and improve equality of, and access to, opportunity.

We acknowledge the Council has an integral role in advancing equality of opportunity, fostering good community relations and eliminating unlawful discrimination and harassment. We also have a key role in enabling those who are disadvantaged to reach their full potential and play an active part in the borough's future.

The Council is committed to tackling social and economic inequalities but recognises we face difficult decisions ahead. Those decisions will always be made with the best interest of our communities at heart as we continue to strive towards eradicating disadvantage which left unchecked, remain throughout their life. We will be open and transparent about the challenges ahead; some of which are immediate such as the financial crisis, whereas others are long term like having an ageing population.

We recognise the Council's biggest asset is our staff and it is important to be a high performing organisation that is collaborative, inclusive and innovative, an employer that let's talent flourish and build workforce capability to meet our ambitions and reflects Croydon's communities. The new administration has set its priorities for renewing the council over the next three years in the face of its most serious financial challenges. The administration's ambition is to build a compassionate, resilient and caring Croydon, where no one is left behind. The council will therefore focus its efforts on the most vulnerable and most excluded residents, including those living in extreme poverty. It cannot achieve this alone. It will therefore seek to work through its partnerships with the NHS and the wider public sector, and with borough's employers and businesses, the voluntary sector and residents.

Councillor David Wood, Cabinet Member Safer Croydon and Communities

INTRODUCTION

Equality and inclusion is the very foundation upon which we will strive to ensure residents are treated fairly and equitably by the Council and its service providers, giving individuals the opportunity to be who they are and achieve the successes they aspire to. We will take steps to promote understanding, tackle prejudice and remove or minimise disadvantage.

The purpose of the Council's Equality Strategy is to provide a detailed insight into our ongoing commitment to equality, set out in one place our equality objectives and other arrangements for embedding equality into everything we do and, perhaps most importantly, set out where we must improve. We have developed this strategy in partnership with Croydon's residents, businesses, Voluntary and Community Sector (VCS) and staff – with a view to delivering a combined strategic vision for equality across the borough.

The Council's equality objectives, have been prioritised under one or more of the following:

- Biggest challenges facing the council;
- Specific and measurable,
- Based on evidence of different groups of people and feedback from those affected;
- Caused by social, cultural, or economic factors that affect people and their life chances
- An issue that is getting worse and requires attention.

The strategy was developed against a backdrop of prevalent international and national themes, which have been particularly highlighted by the Covid-19 pandemic. The virus has been unequal in its impact, in particular on Black and Minority Ethnic residents, but this is a result of long standing structural inequalities and socio-economic determinants of health. We have also seen a strong social response to racism through the Black Lives Matter movement. Whilst media focus may have been on cases in USA, racism remains a very real issue for us to tackle in the UK as well. Since the EU referendum, we have seen a rise in hate crimes and racism.

This strategy comes at a time of great change for Croydon and we want to support our staff and residents through tough times. Croydon Council faces a financial crisis of unprecedented severity. Key to delivering this strategy will be aligning limited resources to deliver positive outcomes, as far as is practicable at a time when the council is under significant financial pressure. The new administration has provided a framework of priorities for 2021-24 and ways of working to inform the task of reshaping the council and refocusing its work which is required in order to put it on a stable financial footing.

The three priorities are:

- To live within our means, balance the books and provide value for money
- To focus on tackling ingrained inequality and poverty in the borough
- To focus on providing the best quality core service we can afford, in particular social care for the most vulnerable people and keeping streets clean and safe.

We face difficult decisions ahead, and cannot do everything we would like or see a need for, but those decisions will always be made with the best interest of our communities. We will continue to strive towards eradicating inequalities and ensure Croydon is a place where all have the opportunity to live, work and flourish.

We will work efficiently to meet rising demand and the challenges ahead as we work differently with our partners and our communities to deliver services for our residents, keeping equalities a priority in both design and delivery.

Developing the strategy and its objectives

The Council, like other public bodies, must publish information about equality every year and equality objectives every four years. Our approach builds on the partnership work undertaken throughout the year to identify priorities through assessments, surveys and consultation exercises. These activities highlight the issues that need to be addressed in the years ahead. It is from this information that the equality objectives have been determined and final consultation has taken place.

In summary this strategy has been developed by:

- Gathering information from a range of impact and needs assessments;
- Identifying key challenges and inviting people to confirm these;
- Working through other forums to put actions in place

To avoid duplication, and create wider more diverse and varied efficiencies, we identified existing synergies and opportunities by examining current Council strategies, policies and plans that support delivery of equality, diversity, inclusion and/or can be mapped to existing commitments. It should be noted that there are many Council services who through their strategies are currently contributing to tackling inequalities and addressing disadvantage across the borough for protected groups. Some of the equality objectives will be found embedded in other relevant strategies and plans that are published such as the health and wellbeing strategy, early year's foundation strategy and school improvement plan.

Importantly, the absence of an equality issue in these objectives does not mean that it is not significant, or that we will ignore that issue, rather to demonstrate that we focus our effort and limited resource in addressing the greatest inequalities.

The Equality Strategy and supporting actions are 'living' documents. The strategy and action plan will be refreshed every year to ensure that our policy and practice takes into account any emerging and prevalent national and local priorities. We will publish an annual report setting out our progress.

We will establish a board to coordinate the equality arrangements in the Council for embedding equality and managing the implementation of the strategy. The board will be responsible for the evaluation (and review) of this Equality Strategy. It will be reviewed annually by all departments and partnerships that own the objectives, measures and actions. The review will be coordinated by the Council's Equality Manager. Progress will be regularly reported to the senior management team, cabinet, scrutiny and themed partnership boards such as the Health and Wellbeing Board when required. We will implement an appropriate involvement strategy during these reviews which will be proportionate to the degree of change likely to be needed.

The strategy will be delivered in full within a period of four years. This will include a comprehensive analysis of our measures to inform the development of new objectives.

DRAFT

KEY STATISTICS



Population

386,710 current total population

445,000 population by 2031

0-17 years - 94,931 (highest in London)

18-64 years - 238,582 (3rd highest in London)

65+ - 53,197 - (3rd highest in London)

48.6 % Male

51.4% Female

For further information on the Croydon's population overview

[click here](#)

Deprivation

- Croydon has become relatively less deprived compared to other local authorities in England between IMD 2015 and IMD 2019
- There remains geographic inequality in the distribution of deprivation in the borough with the North and East of the borough remaining more deprived

Wealth inequality

There remains geographic inequality in the distribution of wealth in the borough with the North and East of the borough remaining more deprived. Croydon contains some of the poorest neighbourhoods in the country.

Ethnicity

- Croydon has a higher proportion of residents from the BAME communities compared to the national average. There was more diversity in the younger age group population in Croydon in 2011.

For further information on Croydon's breakdown by race [click here](#)

Proficiency in English

- In the 2011 census, 14.5% of people in Croydon had a language other than English recorded as their main language
- 2.5% of the total Croydon population at the time could not speak English well or at all.
- In the 2011 Census 14.5% of people in Croydon had a language other than English recorded as their main language, 51.5% of individuals from these cohort were 85+ years. This older cohort made up 2.9% of all 85+ year olds in Croydon.
- A higher proportion of females (19.7%) compared to males (14.5%) could not speak English or speak English well.

Age Profile in Croydon

The latest ONS Mid-year estimate (MYE) indicates that 1 in 4 Croydon residents (24%) is aged between 0-17 years. This has implications on the types of services required to cater for the youth in Croydon.

For further information on children and young people in Croydon

[click here](#)

Religion

Just over half (56.4%) of respondents to the 2011 Census in Croydon stated that they were Christian. About 1 in 5 (20.0%) stated that they had no religion. Significantly 7.6% of respondents did not state their religion.

For further information on Religion and Belief in Croydon [click here](#)

Sexual orientation

Sexual orientation was not captured by the 2011 Census. Based on ONS estimates, across London it was estimated that 2.6% of the population in 2014 identified themselves as gay, lesbian or bisexual. This was higher than the national average of 1.6%.

Gender identity

Data on the gender identity is not routinely captured. A person's innate sense of their own gender, whether male, female or something else may or may not correspond to the sex assigned at birth. The Gender Identity and Research Society has estimated that nationally 1% of the population may be gender variant to some degree, with 0.2% of the population likely to seek medical treatment, at some stage, to present in the opposite gender

Disability

There is not one comprehensive figure that can give a true picture of the total number of people with a disability in Croydon.

The 2011 Census figures showed that 14.1% of the population in Croydon had their day-to-day activities limited to some extent by a

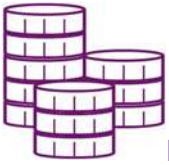
long-term health problem or disability. 22,493 people had their day-to-day activities limited a lot, whilst 28,134 had their day-to-day activities limited a little.

For further information on individuals with long term health or a disability in Croydon [click here](#)



Education and Skills

- Attainment at Key Stage 2 is improving in Croydon but there is still more to do in this area.
- Take up of funded hours in early years settings is still below national and regional levels
- Whilst, in recent years, Croydon's GLD has been above the national, it has remained stubbornly lower in all aspects of language development, particularly in the aspect of 'speaking'.
- The proportion of children achieving grades AAB or above at Key Stage 5 is much lower than the national and regional averages
- Since 2015 at local, regional and national levels there has been a lower proportion of children from Black backgrounds achieving Attainment 8 scores
- Like with England as a whole Black Caribbean pupils in Croydon have the greatest level of disproportionately when it comes to exclusion from school.



Economy

- The job density rate measures the ratio of total jobs population aged 16-64 years. The Croydon rate is lower than national and regional levels.
- The proportion of out of work claimants has risen by around 5% since March 2020 – directly as a result of the impact of the Covid19 pandemic on the economy.
- There has been a huge increase in unemployment for 18-24 year olds and 50-64 year olds since April 2020.
- Croydon rate of out of work claimants has increased.



Housing

- Croydon had 1,657 net additional dwellings in 2019/2020. This is a 42% reduction on the 2016/2017 figure.
- For 2019/2020, 7 in 10 homeless households in Croydon were made up of residents from the non-White communities.
- Social housing in Croydon is mainly concentrated in the northern parts and the eastern edge of the borough.
- Over the years, by far the highest proportion of accepted homeless households in Croydon have been made up of lone parents with dependent children
- Latest figures for 2019/2020 show that more than half (56%) of homeless people in Croydon are in the 25-44 years age band
- There has been a disproportionately high percentage of homeless people from the Black community, both currently and historically.



Health

- Childhood immunisation rates continue to be lower in Croydon than across London and England
- The estimated dementia diagnosis rate for 65+ years has been going up every year in Croydon.
- Croydon has the 6th highest proportion of adults (aged 18+) classified as overweight or obese in London.

Social Isolation

In Croydon, there are an estimated 9,860 older people who are lonely and 5,423 older people who experience intense loneliness. There are also 17,227 people aged 18-64 who are socially isolated.

In addition, recent research has shown that 48% of Croydon residents would be willing to do more to support a neighbour; this may also have a positive impact on the health and wellbeing of the population, and social isolation.

PLAN ON A PAGE

VISION

Croydon is a place of opportunity where everyone can belong, addressing the needs and aspirations of all those who live and work in the borough

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The Council addresses social inequities as a community leader and employer

- OBJECTIVE 1: The Council's workforce reflects our diverse communities at all levels
- OBJECTIVE 2: The Council acts as a role model and champions a fair society
- OBJECTIVE 3: We ensure equality training is central to the way work, is regularly undertaken, and is reviewed to meet changing needs

We work with residents to better understand our communities

- OBJECTIVE 1: Continue to increase our network across seldom heard groups
- OBJECTIVE 2: Information about the Council's work towards tackling inequality is easy to access and understand
- OBJECTIVE 3: Data about local communities is more effectively collected, analysed and used to inform decisions and improve services

Use partnerships to improve access and meet individual needs as they arise

- OBJECTIVE 1: Enable better education outcomes by offering support to groups who need it most
- OBJECTIVE 2: Support the creation of jobs that enhance quality of life
- OBJECTIVE 3: Services are proactive in targeting group that have accessibility issues as a result of disability, age, mental health, disability, language, digital and/or physical barriers
- OBJECTIVES 4: Inequalities that lead to school exclusions and young people entering the criminal justice system are addressed, specifically for black boys, white working class boys, gypsy roma and travellers, and those accessing free school meals.

People in Croydon are supported to be in good health

- OBJECTIVE 1: Work with partners to tackle social isolation and bring people together
- OBJECTIVE 2: With our partners use our knowledge of specific health challenges to support improvements
- OBJECTIVE 3: We work with our partners to open the door to health services, and support them to make sure residents know where and how to access services

OUTCOME ONE: The Council addresses social inequities as a community leader and an employer

What do we want to achieve?

- 1. The Council's workforce reflects our diverse communities at all levels
- 2. The Council acts as a role model and champions a fair society
- 3. The Council ensures equality training is central to the way we work, is regularly undertaken, and is reviewed to meet changing needs

The strategy comes at a time when there is renewed drive for reducing inequalities nationally. The Council recognises its community leadership role in addressing these issues and championing a fairer society.

Strong, visible leadership is essential to effectively embed equality throughout the organisation and community at large. The Council will ensure our leaders are not only supporting but also more importantly driving the change and championing equality. A board will be established to provide clear accountability for change and ensure actions continued to be followed through.

The Council want to integrate equality into everything it does by working in partnership with those who provide services on our behalf to support the Council to meet its equality objectives. We will work with our staff, communities and the voluntary and community sector to ensure shared equality priorities, objectives and outcomes for local areas are understood and acted on. We also want to use equality analysis as an effective tool to identify needs and improve outcomes, address gaps and reduce inequality.

What actions will we take?

- 1. Develop annual performance indicators to measure recruitment, learning and development, career progression and employee relations
- 2. Publish annual pay audit around gender, disability and race and implement action plan to reduce the gaps
- 3. Develop Borough-wide Equalities Pledge
- 4. Establish governance to ensure equality is at the centre of service delivery
- 5. All Council contracts contribute towards delivering our equality objectives

The council believes in the dignity of all people and their right to respect and equality of opportunity. We value the strength that comes with difference and the positive contribution that diversity brings to our community. Our aspiration is for Croydon to be safe, welcoming and inclusive. It is for this reason we will develop an Equality Pledge that commits signatory public, voluntary or private sector organisations to appreciate and value the benefits that different communities contribute to Croydon. The pledge will have principles around adopting the Croydon Black Lives Matter Charter, promoting anti-racism, signing up to national benchmarks and initiatives such as Race at Work Charter, Workforce Race Equality Standards for Social Care (WRES), Race Equality Week, NHS Speak Up, Stonewall Workplace Equality Index, Disability Confident and the Equality Framework for Local Government (EFLG).

- 6. Ensure that every strategy, delivery plan and staff appraisal has an equality objective linked to it
- 7. Ensure every Equality Impact Assessment is evidence driven
- 8. Equality Impact Assessments considered by scrutiny on an annual basis to ensure scrutiny members continue to consider the equality implications of reports they look at
- 9. Increase number of councillor equality champions
- 10. Review current equality skills, knowledge and training available to meet service needs and identify gaps
- 11. Develop and monitor mandatory equality training including antiracism for Councillors in line with staff training
- 12. Support staff to improve the disclosure rates for equality data and understanding of how we use it to inform positive initiatives

We welcome the diversity of our staff and customers and regard this as the strength of our borough. We want to continue to improve and increase diversity at senior levels across the organisation and our workforce profile to reflect Croydon's communities and in particular under-represented groups - at all levels – so those in decision-making positions reflect the communities they serve.

Nationally and locally we know that there are issues around pay gaps for under-represented groups and in particular in relation to gender and ethnicity. The council has made some progress to close the gap in relation to gender, however, the pay quartiles show that (typically) white employees occupy a higher proportion of the upper pay quartiles compared to their representation in the workforce and BAME employees occupy a lower proportion of upper pay quartiles compared to their representation in the workforce. We recognise there is more to do to address areas of race inequalities. The Council will continue to regularly monitor, analyse and publish employment data and more importantly take actions to address identified trends

The Council aims to embed equalities practice across the organisation. It believes equality is everyone's business and all staff including anyone we work with or commissioned to work on our behalf, has a responsibility to advance equality, promote good relations and eliminate discrimination in their day-to-day work. In working towards achieving this aim, the Council provides all staff with equality and diversity training so officers gain the relevant knowledge and skills to mainstream excellent equality best practice. We will also support our partners such as the Octavo Partnership to deliver

What will success look like?

1. Diverse recruitment panels and anonymised shortlisting for the Council is monitored and reviewed
2. Workforce profile that reflects Croydon's communities and in particular under-represented groups - at all levels
3. Increased participation on available leadership programmes from all under-represented protected characteristics
4. Improvement in closing gender, disability and ethnicity pay gaps
5. Equality disclosure rate is 85% across all protected characteristics
6. Equalities pledge developed and reflected in lived experience
7. Every strategy, delivery plan, Council contract and staff appraisals have equality objectives
8. Equality Impact Assessments (EIA) are data driven and demonstrate evidence and impact (where change has been made in relation to the EIA).
9. 100% of new starters and councillors complete Equality Essentials, Unconscious Bias training and other appropriate designated training and this is refreshed on a regular basis

bespoke training packages to target support to schools where there are concerns about pupil outcomes.

OUTCOME TWO: We work with our residents to better understand our communities

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What do we want to achieve?

- 1. Data about local communities is more effectively collected, analysed and used to inform decisions and improve services
- 2. Continue to increase our network across seldom heard groups, currently identified as LGBT+, refugee and asylum seekers, and women
- 3. Information about the council's work towards tackling inequality is easy to access and understand

The administration's new priorities and ways of working highlight the need for the Council's relationship with residents, communities, businesses and partners. In working towards this aim, it will fully involve the residents of Croydon, its communities and its partners in its journey to becoming an efficient, effective and financially sustainable council.

National and local research tells us that seldom heard groups are too often let down by structures and services that do not consider their needs. An example of this is it is unclear what proportion of our population are LGBT+ and what the needs of this population are. As such, the true extent of inequalities is unknown.

The Council already collects and uses information about the people who use its services and what they think about us. It also recognises the importance of collecting and using equality monitoring information as one of the critical ways in which we demonstrate compliance with the general equality duty.

What actions will we take?

- 1. Increase the number of partners and local influencers that represent and/or work with identified seldom heard groups
- 2. Ensure all formal consultations have an Equality Impact Assessment
- 3. Develop annual Equality Communications plan to include key messages/updates and actions below:
 - share our equality annual report with our partners
 - publish an executive summary demonstrating progress
 - publish equality data via Croydon Observatory

Most of the available equality information relates to age, gender, disability and ethnicity. However, it is clear that in some cases we don't have the information or that we have the information but it hasn't been used in any analysis. We have data gaps in our information about some vulnerable groups of people and where we do have information it is not always sophisticated enough to allow us to draw useful inferences. For example we have patchy information about people who identify themselves as lesbian, gay, bisexual or transgender, religious/faith groups, newer communities as well as some of the of the new protected characteristics. There are gaps in our data about who uses our frontline services, especially transactional activity such as over the counter, over the telephone and using the web. We also have basic information about the number of complaints about discrimination but not the nature.

We recognise the importance of having good quality information and how this can help target resources and improve outcomes for people. The Council will work to ensure equality data is complete, comprehensive and timely. We want to create a spirit of questioning – consistently and routinely interrogating services/access/process and outcomes with a lens of inequalities. Departments will need to put in place plans to

4. Support staff to improve what comprehensive equality data is collected and how we can use it
5. Work with partners to use our collective evidence to set future equality objectives
6. Work with partners to provide more opportunities for young people to share their views

What will success look like?

1. Baseline data available on who is engaging with us to identify gaps
2. Service user surveys contain ‘how satisfied or dissatisfied are you that the council listens and acts on your feedback’ and measure improvements to this response
3. Standardised equalities data is captured by services and used to make decisions
4. Equality communications plan developed and reviewed on an annual basis

address any gaps and issues in relation to information about local communities and their protected characteristics.

Equality data will be published to enable voluntary and community sector partners/health colleagues and stakeholders to access and use the information (including information about health inequality) and allow the council to work with its partners to identify gaps, assess needs, set priorities and equalities objectives.

At a time when Council resources are limited, we will use data and insight to review, rationalise and redesign services, with a focus on meeting priority needs, identifying those with the highest degree of need and tailoring interventions to meet these as well as locating our services where they are needed.

The Council interacts with the people who use its services, employees and residents. It works in partnership with its Councillors who are also committed to empowering local people to participate and get involved in making decisions. We want to engage and listen to our people and have open, honest and culturally appropriate conversations.

Staff can get involved and influence priorities via the organisations Culture Ambassadors, one-to-one's and team meetings, Council intranet and surveys. The Council also has a range of staff diversity networks (namely Race Equality Network, Disability Network, Women's Network, LGBT+Allies Network, Carers Network and Mental Health and Wellbeing Network). Alongside representatives from the community, officers take part in a range of other forums that shape policy and the design of services such as the Mobility Forum, Faiths Together in Croydon and Local Strategic Partnerships.

Engagement takes a wide variety of forms, increasingly utilising online communication channels. We recognise these online methods offer the potential to build engagement that is practical, affordable and capable of engaging a much greater audience than some other channels allow. However, these methods will not be suitable for every purpose or everyone and we are conscious that some vulnerable and seldom heard groups are often digitally excluded.

Undertaking an Equality Impact Assessment as well as undertaking user testing/user research will enable the Council to consider the best methods to consult and identify

which groups are not engaging. We will also provide feedback on the outcomes of consultations via the Council's Get Involved platform.

We will develop an annual equality communications plan to help us undertake effective, consistent and meaningful communications with our staff, residents, communities and partners as well as share key messages on matters of equality and inclusion. The plan will aim to champion equality, fairness, foster good relations between communities and counter discrimination, negative stereotypes or dispel myths. Going forward we want to be open and transparent about what we are doing, the progress we have made as well as the challenges we face.

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OUTCOME THREE: Use partnerships to improve access and meet individual needs as they arise

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What do we want to achieve?

- 1. Enable better education outcomes by offering support to vulnerable groups in targeted areas of the borough, including boys and those eligible for the PPG (pupil premium grant).
- 2. Support the creation of jobs that enhance quality of life particularly targeting those underrepresented in the employment sector identified as BAME, women, young people, lone parents and people with disabilities.
- 3. Services are proactive in targeting groups that have accessibility issues as a result of disability, age, mental health, language, digital and/ or physical barriers.
- 4. Inequalities that lead to school exclusions and young people entering the criminal justice system are addressed, specifically for black boys, white working class boys, gypsy roma and travellers, and those accessing free school meals.

The council is aware there is still some distance to go to eliminate discrimination and reduce inequalities. It faces challenges around deprivation and inequalities in a range of domains relating to income health, education and housing.

Research has found that inequality can develop as a consequence of inter-generational disadvantage starting in early childhood and reoccurring throughout life. We know it is a set of complex needs that put children at a greater risk of repeating a cycle of exclusion experienced by their parents. Inadequate housing, poor diet, lack of access to decent open spaces and many other factors can compound disadvantage for children from less well-off backgrounds.

Croydon also has the largest number of looked after children of any borough in London, many of whom require intensive support.

In common with much of the country, local child and adolescent mental health services are struggling to keep up with demand, often resulting in critical time being lost before diagnosis of developmental or mental health disorders. We want the local health service to work with the council and schools to look at new models that do more to bring services into schools and to work with families much earlier when there are problems.

As set out in the statistics section, there are significant inequalities in educational achievement in Croydon. The early years challenge is the most profound for the borough as a whole and particularly for children from less well-off backgrounds but there are also individual schools in parts of the borough that don't do well enough.

We will work in partnership with all Croydon schools, settings and partners to share best practice and deliver the very best for all our young people and ensure resources are targeted at and focus is on those groups that currently under-perform.

Like England as a whole, Black Caribbean pupils in Croydon have the greatest level of disproportionately when it comes to exclusion from school. The Council will continue to

What actions will we take?

1. Analyse the achievement of specific pupil groups and address where we have gaps in outcomes
2. Sign post to information available on education opportunities, qualifications and careers guidance including basic English skills, post-16 provision and financial management
3. Share best practice and learn from our partners via Pupil Premium Network etc. to include best practice on wellbeing and emotional needs support
4. Ensure economic recovery plan includes the needs of protected groups
5. Continue to engage with local employers and increase the number and range of apprenticeships, pay the London Living Wage and provide exposure to different work environments
6. Raise awareness of our partner support services for e.g. translation service, language, Braille, easy read and digital support and hearing impaired
7. Data collected by services about accessibility informs equality analyses
8. Design our services around the needs of our residents by using user research and user testing as the basis of all service improvements.
9. Council and health service work with schools to regularly evaluate mental wellbeing, pastoral and therapeutic

work with schools, local health services, and the community to reduce the need to exclude pupils.

In recent years, we have seen an increase low-paid and unskilled work including part-time, short term contracts, self-employment and insecure employment nationally and locally. The number of zero hour contracts has significantly increased since 2010. Real pay is still below 2010 levels and there has been an increase in the proportion of people in poverty living in a working household. Minority ethnic groups, women, lone parents, and people with disabilities have higher unemployment rates.

Wage growth has been low since 2010 and wage inequality persists - particularly for children and for those in work. Lone parents with children have the highest risk of being in persistent poverty. The number of families with children who do not reach the minimum income standard has increased.

The coronavirus pandemic has put additional pressures on local communities emphasising the inequalities that were already present, reducing the opportunities for those leaving education, and increasing the numbers of people unable to access paid employment. Vulnerable people such as the long-term unemployed, disabled people and those with low levels of literacy are most likely to be left behind as people with established work skills and experience re-enter the employment market. Some of the most disadvantaged people often lack basic information and skills.

The Council will work with its partners including developers to continue to create fair employment and good work for all and in particular those furthest away from the job market as we work towards building an inclusive economy. We will also continue to work with the education sector and other partner organisations' to increase the number of people with the skills needed to contribute to our local digital economy.

The Council's award winning apprenticeship programme currently works with providers to support business in developing training programmes for current and new employees and in creating new apprenticeships and employment pathways for Croydon residents.

support in schools and their links to support networks outside schools.

- 10. Monitor exclusion rates and take actions to address over-representation

What will success look like?

1. Close outcome gap for groups identified as underachieving especially at levels 2,4,5
2. Increase in % of residents from protected groups and disadvantaged areas gaining qualifications (inc English) and training opportunities via CALAT
3. Narrow number of 16-24 year olds not in employment, training or education
4. Increase of number of local employers providing and supporting apprenticeships, work placements and paying the London living wage
5. Good Work Standard rolled out in Croydon
6. Increase in satisfaction of and access to services by groups that share protected characteristics
7. Reduction in fixed and permanent exclusion rates for all vulnerable groups – including autism and behavioural challenges

The Council plans to roll out the Good Works Standard that will provides employers with a set of best employment practices and will continue to support new & emerging entrepreneurs from disadvantaged communities.

Food insecurity has increased significantly. The growth of food banks – with at least nine now running across the borough – is symptomatic of the poverty some residents face, with new migrants, young people without work, training or financial support from their family, those with mental health conditions, those on low wages and sanctioned benefit claimants among the poorest and most marginalised in the community.

Nearly half of those in poverty in the UK in 2018 - 6.9 million people - were from families in which someone had a disability. Some ethnic groups face much higher rates of poverty than others, particularly those who are Black, Bangladeshi, Pakistani origin where rates of poverty after housing are as high as 50%.

The most common cause of homelessness is now the inability of some families to be able to find affordable homes in the private rented sector or to stay in them. For those with low and erratic incomes and /or debts, paying regular monthly rent or managing to scrape together a deposit – now typically equivalent to two months of rent – are challenges that too often prove insurmountable.

The number of non-decent houses has decreased, including in the private rented sector, but this sector also has nationally high levels of cold, damp, and poor conditions including insecure tenures. Homelessness has increased significantly including more children in homeless families living in temporary accommodation with an impact on both mental and physical ill health.

Croydon has a Good Agent and Landlord Charter focused on the parts of the private rental sector which can help most to prevent homelessness by taking tenants on benefit, with pursuit of best practice including early advice on arrears and money wise courses made available, as well as support for disabled tenants.

Two thirds of those accepted as homeless in Croydon are families with children and the consequences of becoming homeless include potentially serious impacts on a child's

education, including on attainment and behaviour, as well as on mental and physical wellbeing. The scars this leaves last into adulthood.

We know how important it is to stem the rising tide of homelessness in the borough and by working together the council and community can achieve much more

The Council will take steps to ensure access to and appropriateness of services is monitored regularly. We will work towards supporting access to translation is easy, available and utilised and accommodate the needs of sight and hearing impaired staff and members of the public.

We will continue to design services that best meet the needs of citizens, where technology is an enabler rather than a barrier to service improvements, and services are a delight for citizens and officials to use. This means prioritising citizen and user needs by using user research and user testing as the basis of all service improvements. This will include mapping of and satisfaction data collected broken down by equality groups and vulnerable communities in order to better understand key gaps in provision around accessibility. This information will be analysed, acted upon by services and used to inform equality impact assessments.

OUTCOME FOUR: People in Croydon are supported to be in good health

What do we want to achieve?

- 1. Work with partners to further tackle social isolation and bring people together
- 2. With our partners use our knowledge of specific health challenges to support improvements
- 3. We work with our partners to open the door to health services, and support them to make sure residents know where and how to access services

What actions will we take?

- 1. Work with VCS partners to increase the number of volunteers addressing social isolation and support families in the community
- 2. Encourage Council staff to use their volunteer days to mentor young people or befriend older people
- 3. Work with health partners to collect and report against key protected characteristics for access, processes and outcome

Health inequality speaks about differential and avoidable differences in health and well-being outcomes amongst people who are otherwise equal.

The King's Fund (February 2020) describe health inequalities as including differences in:

- 1. health status, for example, life expectancy and prevalence of health conditions
- 2. access to care, for example, availability of treatments
- 3. quality and experience of care, for example, levels of patient satisfaction
- 4. behavioural risks to health, for example, smoking rates
- 5. wider determinants of health, for example, quality of housing.

'Inequalities in health arise because of inequalities in society – in the conditions in which people are born, grow, live, work and age. The magnitude of health inequalities is a good marker of progress towards creating a fairer society. Taking action to reduce inequalities in health does not require a separate health agenda, but action across the whole of society'

In 2010 the Marmot Review demonstrated the scale that health inequalities continued to exist, and again showed a clear social gradient in health – 'the lower a person's social position, the worse his or her health'. Fast forward ten years to February 2020, The Health Foundation published Health Equity in England: The Marmot Review 10 Years On. This report showed that despite increased knowledge and awareness of health inequalities life expectancy in England has stalled, years in ill health have increased and inequalities in health have widened.

Public Health England released a review of the disparities in risk and outcomes of COVID-19 in June 2020, with a follow up paper on understanding the impact of COVID-19 on BAME Communities which contained recommendations for action. Harms caused by COVID-19 has replicated existing health inequalities, and in some cases increased them. The largest disparity found was age, but the risk of dying among those diagnosed with COVID-19 was also higher in males, than females; higher in those living in the more

- 4. Develop an autism strategy to raise awareness of autism and key challenges in the Borough

What will success look like?

- 1. Reduce % of Croydon service users who state they feel socially isolated – in particular people with learning disabilities or in need of physical or sensory support, 65+
- 2. Increase awareness of staff volunteering and number of hours given
- 3. Increase in number of young people engaging in activities
- 4. Autism Strategy developed
- 5. Increase in number of residents who state their health and wellbeing has increased as a result of contacting services
- 6. Increase in number of residents reporting that they have an increase in social connections
- 7. Health partners collect and reporting against key protected characteristics for access, processes and outcome

deprived areas than those living in the least deprived; and higher in those in Black, Asian and Minority Ethnic (BAME) groups than in White ethnic groups. Ongoing effects of the economic impact of COVID related restrictions are also widening inequalities e.g. by disproportionately affecting workers who are female, young and low-paid.

The approach for improving health inequalities will capitalise on prevention, health promotion and self-care utilising the One Croydon preventative framework tool. It will reflect a commitment to the people of Croydon to start well, live well and age well.

The Croydon Health and Wellbeing Board already has reducing health inequalities at its heart as an overarching theme for the Croydon Health and Wellbeing Strategy, and in its delivery through the Health and Care Plan. The Croydon Prevention Framework is being developed to create the conditions for which prevention initiatives will flourish and support One Croydon's aim to reduce inequalities. Equality, Diversity and Inclusion is the South West London ICS 20/21 key ambition.

The council will work with its partners to ensure they embed behaviours, systems, practices and processes that allow a sustainable focus on reducing inequalities and fosters culturally aware organisations by default. As such we will support partners to ensure data about local communities is more effectively collected, analysed and more readily available to be used to inform decisions and improve services. Equality analysis can be used to identify needs and improve outcomes, address gaps and reduce inequality.

There are multiple and complex risk factors that can influence social isolation and loneliness. These range from level of education, employment status, wealth, income, housing, crime, ethnicity, gender, disability, age and mental health. These risks factors are more likely to affect some groups, such as people with mental health problems, people with dementia, refugees and asylum seekers and so on. Taking on full time unpaid caring duties can also lead to being more isolated. Caring duties are more likely to be performed by women and some women in their middle age end up caring for both a sick parent and child at the same time. It is therefore fundamental to take action at different levels and address all wider determinants to prevent and reduce social isolation and loneliness.

Social isolation and loneliness have significant equalities and human rights dimensions. They disproportionately affect groups that share protected characteristics and can compound discrimination and disadvantage experienced by those groups.

At a time when council budgets are under significant pressure it is particularly important that the council continues to work with the voluntary sector and recognise the untapped possibilities within every community. We will continue to encourage Council staff to volunteer on social priorities within Croydon. The Council will also continue to support residents with the confidence and access to use the internet, thereby improving social inclusion

We will also work in partnership with the Clinical Commissioning Group and GP practices to support outreach services, work within communities to signpost socially isolated people to services and promote online and offline directories of services.

This can have a positive impact on mental health and social isolation and reduce the use of costly statutory services

ACTION PLAN AND PERFORMANCE MEASURES

The Council addresses social inequities as an employer and a community leader

Action	Lead Officer	Identified Groups	Year 1	Year 2	Year 3	Year 4
<p>The Council Works to reflect our diverse communities at all levels</p>	<p>Director of Human Resources Head of Learning & Organisational Development HR Recruitment & Process Manager</p>	<p>BAME Disability Gender</p>	<ul style="list-style-type: none"> • All recruitment panels are diverse • Anonymised shortlisting across all recruitment • Workforce profile (grade 14 and above representative of local community at all levels) • Baseline number of protected characteristics of participation on leadership programmes • Measure disability and ethnicity pay gaps • Improve equality disclosure 	<ul style="list-style-type: none"> • Spot checks from application to appointment for underrepresented groups • Workforce profile (grade 14 and above representative of local community at all levels) • Increase participation on leadership programmes from all under-represented protected characteristics • Improve gender, disability and BME pay gaps • Improve equality disclosure 	<ul style="list-style-type: none"> • Workforce profile (grade 14 and above representative of local community at all levels) • Improve gender, disability and BME pay gaps • Improve equality disclosure 	<ul style="list-style-type: none"> • Improve equality disclosure
<p>The Council acts a role model and champions a fairer society</p>	<p>All services Equalities Manager</p>	<p>All</p>	<ul style="list-style-type: none"> • Equality data is collected by all services • Every key decision must be accompanied by an EIA • Every strategy, appraisal, delivery 	<ul style="list-style-type: none"> • Pulse check for satisfaction – ‘how satisfied or dissatisfied are you that the council as your employers listens and acts on your feedback’ annually • EIAs are data driven 	<ul style="list-style-type: none"> • Pulse check for satisfaction – ‘how satisfied or dissatisfied are you that the council as your employers listens and acts on your feedback’ annually • EFLG excellent review 	<ul style="list-style-type: none"> • Pulse check for satisfaction – ‘how satisfied or dissatisfied are you that the council as your employers listens and acts on your feedback’ annually • EFLG excellent review

<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 19</p>			<p>plan and Council contract will have an equality objective</p> <ul style="list-style-type: none"> Once a year scrutiny considers EIA Incorporate satisfaction – ‘how satisfied or dissatisfied are you that the council as your employers listens and acts on your feedback’ in future surveys Council contractors are inclusive and supportive of vulnerable groups and groups that share protected characteristics 	<ul style="list-style-type: none"> Once a year scrutiny will consider EIA Every key decision must be accompanied by an EIA Every strategy, appraisal and delivery plan will have an equality objective Council contractors are inclusive and supportive of vulnerable groups and groups that share protected characteristics 	<ul style="list-style-type: none"> EIA demonstrates evidence and impact (where change has been made in relation to the EIA) Once a year scrutiny will consider EIA Every strategy, appraisal, delivery plan and Council contracts will have an equality objective Council contractors are inclusive and supportive of vulnerable groups and groups that share protected characteristics 	<ul style="list-style-type: none"> EIA demonstrates evidence and impact (where change has been made in relation to the EIA) Every strategy, appraisals and delivery plan will have an equality objective Council contractors are inclusive and supportive of vulnerable groups and groups that share protected characteristics
<p>Action</p>	<p>Lead Officer</p>	<p>Identified Groups</p>	<p>Year 1</p>	<p>Year 2</p>	<p>Year 3</p>	<p>Year 4</p>
<p>The Council ensures equality training is central to the way we work, is regularly undertaken and is reviewed to meet changing needs</p>	<p>Director HR Head of Learning & Organisational Development Head of Democ</p>	<p>All</p>	<ul style="list-style-type: none"> 100% of new starters complete the Equality essentials and Unconscious Bias training and this is measured Equality training available is reviewed every two years 100% of Cllrs complete the Equality essentials and Unconscious Bias training within lifespan of election and this is measured 	<ul style="list-style-type: none"> 100% of new starters complete the Equality essentials and Unconscious Bias training Equality training available is reviewed every two years 100% of Cllrs complete the Equality essentials and unconscious bias training within lifespan of election 	<ul style="list-style-type: none"> 100% of new starters complete the Equality essentials and Unconscious Bias training Equality training available is reviewed every two years 100% of Cllrs complete the Equality essentials and unconscious bias training within lifespan of election 	<ul style="list-style-type: none"> 100% of new starters complete the Equality essentials and Unconscious Bias training Equality training available is reviewed every two years 100% of Cllrs complete the Equality essentials training and unconscious bias training within lifespan of election

	atic services & Scrutiny					
Continue to increase our network across seldom heard groups as identified	All services	LGBT+; Asylum seekers & women	<ul style="list-style-type: none"> • Capture baseline data of who is engaging with us to identify gaps and who the next cohort is. • Ensure service user surveys contain ‘‘how satisfied or dissatisfied are you that the council listens and acts on your feedback’ 	<ul style="list-style-type: none"> • Capture baseline data of who is engaging with us to identify gaps and who the next cohort is. • Ensure service user surveys contain ‘‘how satisfied or dissatisfied are you that the council listens and acts on your feedback’ • Baseline satisfaction levels and set incremental target for improvement - how satisfied or dissatisfied are you that the council listens and acts on your feedback’ • Evidence response to feedback ‘you said, we did’ 	<ul style="list-style-type: none"> • Capture baseline data of who is engaging with us to identify gaps and who the next cohort is. • Ensure service user surveys contain ‘‘how satisfied or dissatisfied are you that the council listens and acts on your feedback’ • Evidence response to feedback ‘you said, we did’ 	<ul style="list-style-type: none"> • Capture baseline data of who is engaging with us to identify gaps and who the next cohort is. • Ensure service user surveys contain ‘‘how satisfied or dissatisfied are you that the council listens and acts on your feedback’ • Evidence response to feedback ‘you said, we did’
Action	Lead Officer	Identified Groups	Year 1	Year 2	Year 3	Year 4
Information about the Council’s work towards tackling inequity is easy to access and understand	Chief Digital Officer Head of Comms & Engagement Equalities Manager	All	<ul style="list-style-type: none"> • Develop annual Equalities communications plan • Incorporate equality in communications forward plan 	<ul style="list-style-type: none"> • Review annual communications plan for Equalities 	<ul style="list-style-type: none"> • Review annual communications plan for Equalities 	<ul style="list-style-type: none"> • Review annual communications plan for Equalities

<p>Data about local communities is more effectively collected, analysed and used to inform decisions and improved services</p>	<p>All services</p> <p>Head of Business Intelligence, Performance and Improvement</p> <p>Equalities Manager</p>	<p>All</p>	<ul style="list-style-type: none"> • Agree Croydon standard for equality data collection 	<ul style="list-style-type: none"> • Standardised equality data is captured by services • Equality data is updated, shared, analysed and used to make decisions • Routinely publish equality data on Croydon Observatory 	<ul style="list-style-type: none"> • Standardised equality data is captured by services • Equality data is updated, shared, analysed and used to make decisions 	<ul style="list-style-type: none"> • Standardised equality data is captured by services • Equality data is updated, shared, analysed and used to make decisions
<p>Action</p>	<p>Lead Officer</p>	<p>Identified Groups</p>	<p>Year 1</p>	<p>Year 2</p>	<p>Year 3</p>	<p>Year 4</p>
<p>Enable better education outcomes by offering support to underachieving groups including white working class boys, black boys and those eligible for the PPG (Pupil Premium Grant)</p>	<p>Director of Education</p> <p>Head of Employment and Skills Delivery</p>	<p>SEN</p> <p>Disability</p> <p>Vulnerable groups</p> <p>White working class boys</p> <p>Black boys</p> <p>PPG</p>	<ul style="list-style-type: none"> • % learner qualification/achievement † CALAT (broken down by protected characteristics) • % trained through CALAT to achieve positive higher education which is (broken down by protected characteristics) • % annual achievement black Caribbean children, children receiving free school meals, looked after children • % of residents supported to learn English by CALAT 	<ul style="list-style-type: none"> • Close outcome gap groups identified as underachieving • % learner qualification/achievement CALAT (broken down by protected characteristics) • % trained through CALAT to achieve positive higher education (broken down by protected characteristics) • Ensure apprenticeships data is collected annually (broken down by protected characteristics) 	<ul style="list-style-type: none"> • Close achievement gap at levels 2,4,5 • Close achievement gap of at levels 2,3 qualification by age 19 <ul style="list-style-type: none"> - GCSE levels 9 – 1 at Level 2 - A Levels A*-G at post 16 - Technical/Vocational : BTEC/ Pass/ Merit/ Distinction at Level 2 As above for Level 3 • % learner qualification/achievement † CALAT (broken down by protected characteristics) 	<ul style="list-style-type: none"> • % learner qualification/achievement CALAT (broken down by protected characteristics) • % trained through CALAT to achieve positive higher education (broken down by protected characteristics)

		FSM	<ul style="list-style-type: none"> Ensure apprenticeships data broken down by protected characteristics is collected annually 		<ul style="list-style-type: none"> % trained through CALAT to achieve positive higher education (broken down by protected characteristics) Ensure apprenticeships data is collected annually (broken down by protected characteristics) 	
Support the creation of jobs that enhance quality of life particularly targeting BAME, women, young people, lone parents and people with disabilities	Director - Growth Employment and Regeneration Head of Economic Development	BAME Women Young people Lone parents People with disabilities	<ul style="list-style-type: none"> Broker job placements for 16-24 year olds on Universal Credit data ERP includes the needs of protected groups Continue to engage with local employers to increase number and range of apprenticeships and work placements – pay the London living wage – provide exposure to different work environments – broken down by protected characteristics Good Works Standard – Croydon chapter created 	<ul style="list-style-type: none"> Broker job placements for 16-24 year olds on Universal Credit data Continue to engage with local employers to increase number and range of apprenticeships and work placements – pay the London living wage – provide exposure to different work environments broken down by protected characteristics Collect equality data on the work placement forms Good Works Standard – Croydon chapter sustained and membership expanded 	<ul style="list-style-type: none"> Broker job placements for 16-24 year olds on Universal Credit data Continue to engage with local employers to increase number and range of apprenticeships and work placements – pay the London living wage – provide exposure to different work environments Collect equality data on the work placement forms Good Works Standard – Croydon chapter sustained and membership expanded 	<ul style="list-style-type: none"> Continue to engage with local employers to increase number and range of apprenticeships and work placements – pay the London living wage – provide exposure to different work environments Collect equality data on the work placement forms
Action	Lead Officer	Identified Groups	Year 1	Year 2	Year 3	Year 4
Services are proactive in targeting groups that have accessibility issues as result	All Services	Disability Autism Race	<ul style="list-style-type: none"> % of residents supported to learn English by CALAT Satisfaction of services broken down by characteristics monitored by STAR survey 	<ul style="list-style-type: none"> % of residents supported to learn English by CALAT Satisfaction of services broken down by characteristics monitored by STAR survey 	<ul style="list-style-type: none"> % of residents supported to learn English by CALAT Services assessments, user research and user testing as the basis of all service improvements. 	<ul style="list-style-type: none"> % of residents supported to learn English by CALAT Services assessments, user research and user testing as the basis of all service improvements.

Appendix 6

<p>of disability, age mental health, language, digital and/or physical barriers</p>		<p>Mental Health</p>	<ul style="list-style-type: none"> • Services assessments, user research and user testing as the basis of all service improvements. • % of residents stating 'feel my health and wellbeing will benefit as a result of my contact with this service' - broken down by characteristics • Co-produce services with residents wherever possible 	<ul style="list-style-type: none"> • Services assessments, user research and user testing as the basis of all service improvements. • % of residents stating 'feel my health and wellbeing will benefit as a result of my contact with this service' - broken down by characteristics (One Croydon Health and Care Plan) • Co-produce services with residents wherever possible 	<ul style="list-style-type: none"> • % of residents stating 'feel my health and wellbeing will benefit as a result of my contact with this service' - broken down by characteristics • Co-produce services with residents wherever possible 	<ul style="list-style-type: none"> • % of residents stating 'feel my health and wellbeing will benefit as a result of my contact with this service' - broken down by characteristics • Co-produce services with residents wherever possible
<p>Inequalities that lead to school exclusions and young people entering the criminal justice system are addressed, specifically for black boys, gypsy roma & travellers and those accessing free meals</p>	<p>Director of Early Help and Children's Social Care Director of Violence Reduction Unit Head of Youth Offending Service</p>	<p>Black boys Gypsy Roma & travellers FSM</p>	<ul style="list-style-type: none"> • Reduce number of fixed and permanent exclusion rates for all vulnerable groups – including autism and behavioural challenges • Proportion of BAME young people listed in youth justice disposals 	<ul style="list-style-type: none"> • Proportion of BAME young people listed in youth justice disposals • % of young people who feel they are listened to including looked after children and young carers (annually) 	<ul style="list-style-type: none"> • % of young people who feel they are listened to including looked after children and young carers 	<ul style="list-style-type: none"> • % of young people who feel they are listened to including looked after children and young carers (annually)
<p>Work with partners to</p>	<p>Families health</p>	<p>Age Disability</p>	<ul style="list-style-type: none"> • Benchmark % of Croydon service users who state 	<ul style="list-style-type: none"> • Benchmark % of Croydon service users who state they 	<ul style="list-style-type: none"> • Benchmark % of Croydon service users who state 	<ul style="list-style-type: none"> •

<p>further tackle social isolation and bring people together</p>	<p>and social care Youth engagement team</p>		<p>they feel socially isolated – people with learning disabilities or in need of physical or sensory support, 65+ (annually)</p> <ul style="list-style-type: none"> • Capture all staff volunteer hours • Total number of people actively participating in staff mentoring scheme – broken down by protected characteristics • Number of young people engaging in activities delivered by Youth engagement team • Increase in number of residents reporting that they have an increase is social connections – broken down by protected characteristics 	<p>feel socially isolated – people with learning disabilities or in need of physical or sensory support, 65+ (annually)</p> <ul style="list-style-type: none"> • Total number of people actively participating in mentoring scheme – broken down by protected characteristics • Capture all staff volunteer hours • Number of young people engaging in activities delivered by Youth engagement team • Increase in number of residents reporting that they have an increase is social connections –broken down by protected characteristics 	<p>they feel socially isolated – people with learning disabilities or in need of physical or sensory support, 65+ (annually)</p> <ul style="list-style-type: none"> • Capture all staff volunteer hours • Number of young people engaging in activities delivered by Youth engagement team • Increase in number of residents reporting that they have an increase is social connections – broken down by protected characteristics 	
Action	Lead Officer	Identified Groups	Year 1	Year 2	Year 3	Year 4
<p>With our partners use our knowledge of specific health challenges to support improvements</p>	<p>Director Public Health Director One Croydon Family health and social care</p>	<p>All</p>	<ul style="list-style-type: none"> • Agree a standard of equality data to be collected by health services • Look at early interventions across organisations to prevent greater support needs later in childhood particularly for particular groups such as autistic • Listen to protected groups and particularly seldom heard groups such as autistic people and their views when we 	<ul style="list-style-type: none"> • Capture agreed data by health services • Look at early interventions across organisations to prevent greater support needs later in childhood particularly for particular groups such as autistic • Listen to protected groups and particularly seldom heard groups such as autistic people and their views when we commission and develop health services 	<ul style="list-style-type: none"> • Capture agreed data by health services • Look at early interventions across organisations to prevent greater support needs later in childhood particularly for particular groups such as autistic • Listen to protected groups and particularly seldom heard groups such as autistic people and their views when we commission and develop health services 	<ul style="list-style-type: none"> • Capture agreed data by health services • Look at early interventions across organisations to prevent greater support needs later in childhood particularly for particular groups such as autistic • Listen to protected groups and particularly seldom heard groups such as autistic people and their views when we commission and develop health services

<p>We open doors to health services through our partners to make sure residents know where and how to access services</p>	<p>Director Public Health</p>	<p>All</p>	<p>commission and develop health services</p> <ul style="list-style-type: none"> • Raise awareness around prevention and signpost where and how residents can receive support • % of Croydon service users who state they feel socially isolated – in particular people with learning disabilities or in need of physical or sensory support, 65+ • Working in partnership to support those most vulnerable • Increase in number of young people engaging in activities from underrepresented groups • Increase in number of residents who state their health and wellbeing has increased as a result of contacting services 	<ul style="list-style-type: none"> • Raise awareness around prevention and Signpost where and how residents can receive support • Working in partnership to support those most vulnerable • % of Croydon service users who state they feel socially isolated – in particular people with learning disabilities or in need of physical or sensory support, 65+ • Increase in number of young people engaging in activities from underrepresented groups • Increase in number of residents who state their health and wellbeing has increased as a result of contacting services 	<ul style="list-style-type: none"> • Raise awareness around prevention and Signpost where and how residents can receive support • Working in partnership to support those most vulnerable • % of Croydon service users who state they feel socially isolated – in particular people with learning disabilities or in need of physical or sensory support, 65+ • Increase in number of young people engaging in activities from underrepresented groups • Increase in number of residents who state their health and wellbeing has increased as a result of contacting services 	<ul style="list-style-type: none"> • Raise awareness around prevention and Signpost where and how residents can receive support • Working in partnership to support those most
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Glossary

Ally

A (typically) straight and/or cis person who supports members of the LGBT community

BAME

Black and Minority Ethnic

Cisgender or cis

Someone whose gender identity is the same as the sex they were assigned at birth. Non-trans is also used by some people

Discrimination and Harassment

Discrimination is when you are treated differently (for example less favourably) because of your gender, race or disability.

Harassment is any form of unwanted and unwelcome behaviour which may range from mildly unpleasant remarks to physical violence.

Diverse or diversity this is a mix of different kinds of people. For example, men and women, young and old people, people of different races, disabled and non-disabled people.

Duties these are things the law says a public body must do.

Equality this means everyone having the same chances to do what they can. Some people may need extra help to get the same chances.

Equity this means being fair and impartial as an individual engages with an organization or system, particularly systems of grievance

Equality Duty

This is a law for public bodies telling them they must think about how they can make sure their work supports equality. For example, in their services, through their jobs, and through the money they spend.

Public bodies already needed to think about treating people of different races, disabled people, and men and women fairly and equally.

Gender reassignment

The process of changing or transitioning from one gender to another

GLD the Good Level of Development (GLD) measure is the most widely used single measure of child development in the early years. It is a measure of attainment, not progress.

Inequity this means lack of fairness and/or justice

Inclusion the practice or policy of providing equal access to opportunities and resources for people who might otherwise be excluded or marginalized, such as those who have physical or mental disabilities and members of other minority groups.

IMD Indices of multiple deprivation are widely-used datasets within the UK to classify the relative deprivation of small areas. Multiple components of deprivation are weighted with different strengths and compiled into a single score of deprivation

LGBT (lesbian, gay, bi, trans)

Lesbian - Refers to a woman who has a romantic and/or sexual orientation towards women. Some non-binary people may also identify with this term.

Gay - Refers to a man who has a romantic and/or sexual orientation towards men. Also a generic term for lesbian and gay sexuality - some women define themselves as gay rather than lesbian. Some non-binary people may also identify with this term.

Bi - Bi is an umbrella term used to describe a romantic and/or sexual orientation towards more than one gender.

Bi people may describe themselves using one or more of a wide variety of terms, including, but not limited to, bisexual, pan, queer, and some other non-monosexual and non-monoromantic identities.

Trans - An umbrella term to describe people whose gender is not the same as, or does not sit comfortably with, the sex they were assigned at birth.

Trans people may describe themselves using one or more of a wide variety of terms, including (but not limited to) transgender, transsexual, gender-queer (GQ), gender-fluid, non-binary, gender-variant, crossdresser, genderless, a gender, nongender, third gender, bi-gender, trans man, trans woman, trans masculine, trans feminine and neutrois.

LSoAs

A Lower Super output Area typically contains around 1,500 residents. Super output areas produce a set of areas of consistent size, whose boundaries would not change (unlike electoral wards), suitable for the publication of data such as the Indices of Deprivation.

Marriage and civil partnership

Marriage and Civil Partnership means someone who is legally married or in a civil partnership. Marriage can either be between a man and a woman, or between partners of the same sex. Civil partnership is between a man and a woman, or of partners of the same sex

Pregnancy and maternity

Pregnancy is the condition of being pregnant or expecting a baby. Maternity refers to the period after the birth, and is linked to maternity leave in the employment context. In the non-work context, protection against maternity discrimination is for 26 weeks after giving birth, and this includes treating a woman unfavourably because she is breastfeeding.

Protected characteristics these are the grounds upon which discrimination is unlawful. The characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

Public bodies

Public bodies include government departments, schools, hospitals and councils.

Staff these are people or companies that pay people to do work.

Vulnerability

A combined range of factors could make people more vulnerable or place them in situations that lead to greater vulnerability. For example some people are vulnerable due to a particular condition such as mental or physical illness as well find themselves placed in vulnerable situations such as living in a poor area with a lack of access to jobs, healthcare or housing. It is a combination of social and economic factors that place them at a disadvantage.

REPORT TO:	ETHICS COMMITTEE 11 February 2021
SUBJECT:	UPDATE: SUCCESSION PLANNING FOR AND RECRUITMENT AND APPOINTMENT OF FURTHER INDEPENDENT PERSONS
LEAD OFFICER:	JACQUELINE HARRIS-BAKER MONITORING OFFICER AND EXECUTIVE DIRECTOR FOR RESOURCES
CABINET MEMBER:	COUNCILLOR CALLTON YOUNG CABINET MEMBER FOR RESOURCES AND FINANCIAL GOVERNANCE
WARDS:	ALL
<p>CORPORATE PRIORITIES 2021-2024/POLICY CONTEXT.</p> <p>The proposal will ensure good governance within the Council and by councillors. Good governance underpins the Council's Core Priorities and Ways of Working:</p> <ul style="list-style-type: none"> • we will live within our means, balance the books and provide value for money for our residents. • we will focus on tackling ingrained inequality and poverty in the borough. • we will focus on providing the best quality core service we can afford. First and foremost, providing social care services that keep our most vulnerable residents safe and healthy. And to keep our streets clean and safe. • to ensure we get full benefit from every pound we spend, other services in these areas will only be provided where they can be shown to have a direct benefit in keeping people safe and reducing demand. 	
<p>FINANCIAL IMPACT</p> <p>There are no direct costs arising from the proposals within this report.</p>	

1. RECOMMENDATIONS	
The Committee is recommended to:	
1.1	<p>Agree the recommendation of the Selection Panel for the following candidates:</p> <ul style="list-style-type: none"> • Donald Axcell • Alan Malarkey • Jennifer Gordon <p>to be appointed to the pool of Independent Persons and delegate to the Monitoring Officer the selection of an Independent Person from the pool for specific purposes.</p>
1.2	<p>Recommend to Full Council that their appointment as Independent Persons should be confirmed for a term of 4 years, subject to annual appointment at</p>

Full Council, and that such appointment be subject to the Council's Scheme of Co-option set out in Part 6D of the Constitution.

- 1.3 Invite Anne Smith and Ashok Kumar, the Council's current Independent Persons, to serve for a further term of 2 years expiring at the end of the municipal year in 2023, subject to annual appointment at Full Council and the Council's Scheme of Co-option set out in Part 6D of the Constitution.
- 1.4 Recommend to Full Council that the continued appointment of Anne Smith and Ashok Kumar be confirmed on this basis.

2. EXECUTIVE SUMMARY

- 2.1 The report identifies recommended candidates for appointment to a pool of Independent Persons to perform the Council's statutory functions under the Localism Act 2011 and under Part 4J of the Council's Constitution (Staff Employment Procedure Rules) as detailed below. Interviews had originally been planned to take place in the Spring of 2020 but were postponed due to the Covid-19 pandemic. The report follows interviews conducted by the Selection Panel on 10 and 16 December 2020 which were held remotely.

3. DETAIL

- 3.1 **Background.** Section 28 of the Localism Act 2011 ("the Act") imposes a duty upon the Council to 'promote and maintain high standards of conduct by Members and Co-opted Members of the Council'. The Council is required to adopt a Code dealing with the conduct that is expected of Members and Co-opted Members of the Council when they are acting in that capacity. In addition, under Section 28(6) and (7) of the Act, the Council must have in place "arrangements" under which allegations that a Member or co-opted Member of the authority, or of a Committee or Sub-Committee of the authority, has failed to comply with the Council's Code of Conduct can be investigated and decisions made on such allegations.
- 3.2 Such arrangements must provide for the authority to appoint at least one Independent Person, whose views must be sought by the authority before it takes a decision on an allegation which it has decided shall be investigated, and whose views can be sought by the authority at any other stage, or by a Member or co-opted Member against whom an allegation has been made.
- 3.3 The Council has delegated to the Ethics Committee the function of investigating and determining any allegations of a breach of the Code of Conduct. The Committee comprises five elected Members of the Council and the Independent Persons who are non-voting advisory members of the Committee.
- 3.4 The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015 ("the Regulations") make specific provision for the involvement of Independent Persons in relation to Disciplinary Action taken against Head of Paid Service, Section 151 Officer or Monitoring Officer. Part 4J of the Constitution which incorporates the requirements of the Regulations provides that consideration of disciplinary action which could result in dismissal of the Head of

Paid Service, the Chief Finance Officer or the Monitoring Officer will be the responsibility of the Appointments Committee. The Appointments Committee shall, for this purpose, include at least one Member of the Cabinet and at least two Independent Persons when consideration is being given to dismissal of the Head of Paid Service, the Chief Finance Officer or the Monitoring Officer. Any such Appointments Committee shall consider the matter in accordance with the processes and procedures approved by Ethics Committee for this purpose and make a report and recommendations to full Council for consideration and final determination. Any such report shall specifically include the Independent Persons' views on the recommendations and appropriate action.

3.5 The Council's Independent Persons therefore fulfil a statutory role both in relation to Member conduct issues and also disciplinary decisions involving the Council's statutory officers.

3.6 Members of the Committee will recall the recommendations contained in the Committee on Standard in Public Life (CSPL) report which was considered at its meetings in March and May 2019. Attached is the link to the full report of the CSPL which was considered by the Committee.

<https://www.gov.uk/government/collections/local-government-ethical-standards>

In particular with regard to Independent Persons the CSPL felt that the role of the Independent Person should be strengthened. They considered that security of tenure was important to protect Independent Persons from being removed from their role for unpopular advice or recommendations. Equally, however, they considered that restricted tenure can ensure that the Independent Person's judgment and independence is not compromised by a long period of involvement in a single authority although no evidence was provided in the report to support this view.

3.7 There is currently no requirement for a set term of office for the Independent Person role in law.

Recommendation 8 of the CSPL report provides that:

The Localism Act 2011 should be amended to require that Independent Persons are appointed for a fixed term of two years, renewable once.

In order to become a legal requirement this recommendation would require a change in the law. However, Members discussed, at their previous meetings, how long they considered an Independent Person should remain in post to ensure their independence and it was agreed that the matter should return to the Committee for consideration in January 2020.

3.8 **The recruitment process.** In January 2020 the Committee agreed to delegate authority to the Monitoring Officer to commence a recruitment process for purposes of increasing the number of Independent Persons appointed to a pool of up to five Independent Members, including current Independent Persons. The Committee also agreed to set up a Selection Panel, comprising the Chair and two further Members. In November 2021 the Committee agreed that Councillor Clouder and Councillor Creatura would support the Chair on the panel with advice from the current Independent Person Anne Smith and also Jacqueline Harris-Baker the Monitoring Officer.

- 3.9 Applicants were initially shortlisted on the basis of their application having regard to the Job Description and Role Profile and essential criteria. Following a shortlisting process the Selection Panel met on 10 and again on 16 December 2020 to interview shortlisted candidates remotely. Candidates were assessed by way of interview with competency based questions.
- 3.10 The Selection Panel can now report that 3 candidates scored highly when assessed and therefore recommend to the Committee that the following candidates be appointed by full Council as Independent Persons.
- Donald Axcell. Donald is a resident of the borough. Donald served for 30 years as a police officer. He is also a non-denominational Chaplain to the Police Rehabilitation Centre and has worked both as a chair and executive director of a charity. Donald is also trustee and company secretary of Pointman Leadership UK providing character based leadership and anti-corruption seminars to 70 countries world-wide.
 - Alan Malarkey. Alan is a resident of the borough. Prior to retirement Alan worked in Education Services at Croydon Council at Director level. He was also an Ofsted school inspector for many years and worked for the predecessor to the Local Government Association supporting the development of policy initiatives.
 - Jennifer Gordon. Jennifer has previously worked both at the Home Office as a chief immigration officer and at a London authority in the adoption and fostering unit. She has served on the Equality and Diversity Action Committee for the Home Office and currently serves as a volunteer on the Windrush Committee and on the Ladies Board of a local church.

- 3.11 It is proposed that these appointments are made for a term of 4 years and subject to the Scheme of Co-option set out in Part 6D of the Constitution.
<https://democracy.croydon.gov.uk/documents/s22425/31%20Part%206D%20-%20Scheme%20of%20Co-option%20as%20amended%20Jan%202020.pdf>

Whilst no term is currently prescribed in legislation for Independent Persons it is recommended that a term of 4 years strikes a balance between security of tenure and maintaining independence. In addition, the Council's Constitution provides in Part 6D paragraph 12 with regard to terms of office that for co-opted members "subject to the requirements of the Committee in question, co-opted members will usually be invited to serve for a term of office of four years but be appointed annually at Full Council".

- 3.12 **Current Independent Persons.** Separately the Committee is recommended to invite the current Independent Persons Anne Smith and Ashok Kumar to continue their support for the Council by agreeing a further term of 2 years until the end of the municipal year in May 2023. As indicated above there is currently no legal restriction on the term of office for an Independent Person although the CSPL suggests a term of 2 years with a 2 year renewal. Both Anne and Ashok have provided valuable support to the Committee and the Council and their experience would be a loss to the Council. In addition Anne has supported the Council with a number of additional projects such as the Governance Review and also the interviews for new recruits to the role. In the circumstances, it is proposed that their appointments be renewed for a further term of 2 years to provide continuity

and enable the new Independent Persons an opportunity to settle into their new responsibilities.

4. CONSULTATION

- 4.1 No formal consultation has been undertaken in relation to this proposal. However, the recruitment was subject to a public advertisement. In addition, the Committee have considered the findings of the CSPL report and adhered to the previous decisions and recommendations from the Committee.

5. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 5.1 There are no direct financial implications from these appointments as the Scheme of Members' Allowances does not contain provision for allowances to be paid to co-opted members.

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

6. LEGAL CONSIDERATIONS

- 6.1 The Head of Litigation and Corporate Law comments on behalf of the Director of Law and Governance that the role of Independent Persons is a statutory requirement through the Localism Act 2011. The law provides that a person may not be an Independent Person if he or she is a Member, a Co-opted Member or an officer of the Council or a relative or close friend thereof. It also provides that a person may not be appointed if they were a Member or Co-opted Member during the past five years.

- 6.2 All other legal requirements are as set out within the body of this report.

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

7. HUMAN RESOURCES IMPACT

There are no HR implications arising from this report. If any should arise these will be managed under the Council's policies and procedures.

Approved by: Jennifer Sankar, Head of HR Place, for and on behalf of Sue Moorman, the Director of Human Resources, January 2021

8. EQUALITIES IMPACT

- 8.1 The Equality Act 2011(section 149) places a public sector equality duty (section 146) on the Council. The duty requires the Council to have due regard to *the need to advance equality of opportunity* between persons who share a relevant protected characteristic and persons who do not share it.

- 8.2 Having “due regard” to the need to advance equality of opportunity involves having due regard, in particular, to the need to *encourage persons* who share a relevant protected characteristic *to participate in public life* or in any other activity in which participation by such persons is disproportionately low.
- 8.3 Co-option is a way of ensuring that under represented voices are represented on Council committees.
- 8.4 The law requires that the vacancy for an independent Person is advertised in such a manner as the Council consider is likely to bring it to the attention of the public. Subject to the statutory restrictions around applicants demonstrating ‘independence’ the vacancy would be available to all.

Approved by: Yvonne Okiyo, Equalities Manager on behalf of the Director of Policy and Partnerships.

9. ENVIRONMENTAL IMPACT

There are not considered to be any environmental impacts of the proposal.

10. CRIME AND DISORDER REDUCTION IMPACT

The proposal supports the requirement to maintain good governance within the Council.

11. DATA PROTECTION IMPLICATIONS.

Personal data stored in connection with the recruitment process will be processed in accordance with the Data Protection Act 2018.

CONTACT OFFICER:

Jacqueline Harris-Baker
Executive Director of Resources and Monitoring Officer

APPENDICES TO THIS REPORT

None

BACKGROUND DOCUMENTS:

None

For General Release

REPORT TO:	ETHICS COMMITTEE
AGENDA ITEM NO:	19 FEBRUARY 2021
SUBJECT:	COMPLAINT UNDER THE COUNCILLOR CODE OF CONDUCT
LEAD OFFICER:	SANDRA HERBERT DEPUTY MONITORING OFFICER
WARDS:	ALL
CORPORATE PRIORITY/POLICY CONTEXT: The Council has determined that the Ethics Committee shall be responsible for receiving and considering reports on matters of probity and ethics and to consider matters relating to the Code of Conduct.	
FINANCIAL IMPACT Whilst implementation of the recommendations contained in this report can be contained within existing budgets in the event that an investigation is required this may incur additional costs relating to the remuneration of an independent investigator, external advice and training of Members.	
FORWARD PLAN KEY DECISION REFERENCE NO.: N/A	

1. RECOMMENDATIONS

The Committee is asked to:

1.1 Note the contents of the report;

1.2 Agree to the establishment of an Assessment Sub-Committee for the purpose of supporting the Monitoring Officer's consideration of complaints regarding the conduct of elected members which may be received against the Council's Assessment Criteria for Member complaints

1.3 Agree that the Assessment Sub-Committee shall comprise three members of this Committee to be nominated by the Committee on a proportional basis;

1.4 Agree that the Local Government Association be requested to provide training for the members sitting on the Assessment Sub-Committee in this additional role;

1.5 Agree that the Independent Person may be consulted on the complaint and their views referred to the Assessment Sub-Committee for consideration; and

1.6 TO RECOMMEND TO FULL COUNCIL that the Arrangements agreed by the Council under section 28(6) of the Localism Act and the terms of reference for the Ethics Committee, if necessary, be updated, for the avoidance of doubt, to reference the discretion of the Monitoring Officer to refer a complaint to an Assessment Sub-Committee of the Ethics Committee for Member' views to assist the Monitoring Officer in discharging her duties in regard to the assessment of complaints received concerning elected and co-opted members.

2. EXECUTIVE SUMMARY

2.1 The Council has determined that the Ethics Committee shall be responsible for receiving and considering reports on matters of probity and ethics.

2.2 It is understood that there is a likelihood of complaints being made regarding councillor conduct in the context of the circumstances which gave rise to the Grant Thornton Report in the Public Interest.

2.3 The Ethics Committee has an overarching function within its terms of reference set out in Part 3 'Responsibility for Functions' of the Constitution to support the statutory role of the Monitoring Officer. The establishment of an Assessment Sub-Committee is being proposed to enable that support to be enacted in regard to these complaints.

2.4 Members are recommended to establish an Assessment Sub-Committee to assist the Monitoring Officer with her statutory responsibility to assess the complaints which may be received.

The Assessment Sub-Committee's functions will be to:

- support the assessment of the complaints and the consideration of whether the threshold for commencing a formal investigation has been met for a decision by the Monitoring Officer;
- consider the views of the Independent Person (where sought and obtained); and
- offer the views of the Sub-Committee to the Monitoring Officer in order for a decision to be taken by that officer.

2.5 It is also proposed that the Council's formal Arrangements that the Council has in place to enable it to discharge its responsibilities in regard to complaints against elected members and the terms of reference for this Committee be updated for the avoidance of doubt, to reference the discretion of the

Monitoring Officer to refer a complaint to an Assessment Sub-Committee of the Ethics Committee for Member' views to assist the Monitoring Officer in discharging her duties in regard to the assessment of complaints received concerning elected and co-opted members.

3. DETAIL

3.1 The Localism Act 2011 section 27(1) ('the 2011 Act') places a duty upon the Council to ensure that its members and co-opted members maintain high standards of conduct. In discharging this duty the Council is required under section 27(2) to adopt a code of conduct for its members. Section 28(1) of the 2011 Act provides the contents of such a code must be consistent with the Nolan principles of standards in public life namely selflessness, integrity, objectivity, accountability, openness, honesty and leadership. The Council's adopted Members' Code of Conduct can be viewed here:

<https://www.croydon.gov.uk/sites/default/files/articles/downloads/Part%205I%20-%20Members%20Code%20of%20Conduct.pdf>

3.2 In addition, the 2011 Act section 28(6) requires the Council to have mechanisms in place to investigate allegations that a member has not complied with the code of conduct, and have Arrangements under which decisions on allegations may be made.

3.3 Pursuant to the current Arrangements which the Council has approved any complaints which pertain to the conduct of an elected or co-opted member are made in the first instance to the Monitoring Officer.

3.4 Assessment of the complaint is undertaken by the Monitoring Officer having regard to the Assessment Criteria which the Council has adopted for these purposes. The Assessment Criteria, can be viewed here:

<https://www.croydon.gov.uk/sites/default/files/articles/downloads/assessment-criteria-january2019.pdf>

3.5 The Monitoring Officer's decision, following initial assessment will indicate whether or not the complaint is one which ought to be referred for investigation. If that occurs, subject to the outcome of any investigation, the matter could then result in a Hearings Panel being convened in accordance with the Arrangements for dealing with allegations of breach of the code of conduct which have been adopted by the Council under the Localism Act 2011. The Arrangements can be viewed here:

https://www.croydon.gov.uk/sites/default/files/articles/downloads/Arrangements%20under%20the%20Localism%20Act%202011_July%202012.pdf

3.6 The 2011 Act also goes on to provide in section 28(7) that the Council must make provision for the appointment by the Council of at least one Independent Person whose views (a) are to be sought and taken into account by the Council before it makes its decision on an allegation that it has decided to investigate and (b) whose views may be sought by the Council in relation to an allegation

at any other time and (c) whose views may be sought by a Member if that person's behaviour is the subject of an allegation.

- 3.7 It is understood that there is a likelihood of complaints being made regarding councillor conduct in the context of the circumstances which gave rise to the Grant Thornton Report in the Public Interest. In these circumstances it is proposed that an Assessment Sub-Committee be set up to support the assessment of those complaints by the Monitoring Officer in taking her decision as to whether a threshold has been passed for any next steps to be triggered.
- 3.8 The views of the Independent Person may be sought and taken into account in the consideration of a complaint by the Assessment Sub-Committee.
- 3.9 If a complaint is received, the subject members will be notified that a complaint has been made about their behaviour and asked if they wish to provide any written information in response.
- 3.10 The Assessment Sub-Committee will be a committee formed under the Local Government Act 1972 and the legal requirements for publishing agendas, minutes and calling meetings will apply in the usual way. Schedule 12A of the Act as amended will be applied where it is necessary to exclude the public and press from the meeting if confidential and exempt information will be disclosed.
- 3.11 Following the conclusion of the Assessment Sub-Committee, the Monitoring Officer will take into account the views of the Sub-Committee and the Independent Person (where sought and obtained) and have regard to the Assessment criteria and any other relevant consideration in reaching her decision. If the decision is to trigger a formal investigation into a complaint, then a Hearings Panel will need to be convened to hear the outcome of the investigation in accordance with procedures adopted by the Ethics Committee for the purpose. Membership of the Hearings Panel is drawn from the Ethics Committee and constitutes three members. Membership of the Assessment Sub-Committee will preclude also being able to be a member of the Hearings Panel for the same complaint.
- 3.12 Training will be provided by the LGA for members of the Assessment Sub-Committee regarding the adopted procedures for the assessment of complaints concerning elected and co-opted members.
- 3.13 It is also proposed that full Council be recommended to update the Council's formal Arrangements adopted by the Council under section 28(6) of the Localism Act 2011 under which allegations can be investigated and decisions on allegations made and the terms of reference for this Committee, if necessary. It is proposed that these Arrangements make clear the discretion of the Monitoring Officer to refer a complaint to an Assessment Sub-Committee of the Ethics Committee for Member' views to assist the Monitoring Officer in discharging her duties in regard to the assessment of complaints received concerning elected and co-opted members at any time.

4. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 4.1 There are no costs arising directly from the recommendations detailed in this report. Should Members agree to the establishment of an Assessment Sub-Committee which resolved to undertake an investigation this may incur additional costs relating to the remuneration of an independent investigator, external advice and training for Members.

Approved by: Geetha Blood interim Head of Finance on behalf of the Director of Finance Investment and Risk.

5. LEGAL CONSIDERATIONS

- 5.1 There are no additional legal considerations arising from the contents of this report which are not set out in the body of the report.

CONTACT OFFICERS: Sandra Herbert, Head of Litigation and Corporate Law and Deputy Monitoring Officer (ext 62928)

BACKGROUND DOCUMENTS: None.

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