



**CABINET  
AGENDA**  
for the meeting  
on  
12 July 2021 at  
6.30 pm

**To: Croydon Cabinet Members:**

Councillor Hamida Ali, Leader of the Council  
Councillor Stuart King, Deputy Leader (Statutory) and Cabinet Member for Croydon Renewal  
Councillor Muhammad Ali, Cabinet Member for Sustainable Croydon  
Councillor Janet Campbell, Cabinet Member for Families, Health & Social Care  
Councillor Alisa Flemming, Cabinet Member for Children, Young People & Learning  
Councillor Patricia Hay-Justice, Cabinet Member for Homes  
Councillor Oliver Lewis, Cabinet Member for Culture & Regeneration  
Councillor Manju Shahul-Hameed, Cabinet Member for Communities, Safety and Business Recovery  
Councillor Callton Young OBE, Cabinet Member for Resources & Financial Governance

Invited participants:  
All other Members of the Council

A meeting of the **CABINET** which you are hereby summoned to attend, will be held on **Monday, 12 July 2021** at **6.30 pm** in **Council Chamber, Town Hall, Katharine Street, Croydon CR0 1NX**

Asmat Hussain  
Executive Director of Resources and  
Deputy Monitoring Officer (Interim)  
London Borough of Croydon  
Bernard Weatherill House  
8 Mint Walk, Croydon CR0 1EA

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2 July 2021

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<https://webcasting.croydon.gov.uk/croydon/meetings/12700>

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If you require any assistance, please contact Victoria Lower 020 8726 6000 x14773 as detailed above.

## **AGENDA – PART A**

**1. Apologies for Absence**

**2. Minutes of previous meetings (Pages 7 - 64)**

To approve the minutes of the meetings held on 17 May 2021 and 7 June 2021 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. Ongoing Review of Brick by Brick Croydon Ltd and the future of the company (Pages 65 - 80)**

Cabinet Member: Leader of the Council, Councillor Hamida Ali  
Officer: Interim Chief Executive, Katherine Kerswell and Interim Director of Finance, Investment & Risk and Section 151 Officer, Chris Buss  
Key decision: yes

**6. Financial Performance Report - Outturn 2020/1 (Pages 81 - 98)**

Cabinet Member: Cabinet Member for Croydon Renewal, Councillor Stuart King and Cabinet Member for Resources & Financial Governance, Councillor Callton Young  
Officer: Interim Director of Finance, Investment & Risk and Section 151 Officer, Chris Buss  
Key decision: no

- 7. Croydon's General Fund Medium Term Financial Strategy (MTFS) Update** (Pages 99 - 110)

Cabinet Member: Leader of the Council, Councillor Hamida Ali, Cabinet Member for Croydon Renewal, Councillor Stuart King and Cabinet Member for Resources & Financial Governance, Councillor Callton Young

Officer: Interim Director of Finance, Investment & Risk and Section 151 Officer, Chris Buss

Key decision: no
- 8. Housing Ombudsman Self-Assessment and Complaint Handling Failure Order** (Pages 111 - 146)

Cabinet Member: Cabinet Member for Homes, Councillor Patricia Hay-Justice

Officer: Interim Director of Finance, Investment & Risk, Chris Buss

Key decision: no
- 9. Scrutiny Stage 1: Recommendations from Scrutiny** (Pages 147 - 154)

Lead Member: Chair of Scrutiny & Overview Committee, Councillor Sean Fitzsimons

Officer: Interim Executive Director of Resources, Asmat Hussain

Key decision: no
- 10. Scrutiny Stage 2: Responses to recommendations from Scrutiny** (Pages 155 - 162)

Cabinet Member: All Cabinet Members

Officer: Interim Executive Director of Resources, Asmat Hussain

Key decision: no
- 11. Investing in our Borough** (Pages 163 - 170)

Cabinet Member: Cabinet Member for Resources & Financial Governance, Councillor Callton Young

Officer: Interim Executive Director of Resources, Asmat Hussain

Key decision: no
- a) Integrated Drug & Alcohol Treatment Service** (Pages 171 - 184)

Cabinet Member: Cabinet Member for Families, Health & Social Care, Councillor Janet Campbell and Cabinet Member for Resources & Financial Governance, Councillor Callton Young

Officer: Director of Public Health, Rachel Flowers

Key decision: yes



- b) **Arboricultural Services Contract Variation** (Pages 185 - 192)  
Cabinet Member: Cabinet Member for Sustainable Croydon, Councillor Muhammad Ali  
Officer: Interim Executive Director of Place, Sarah Hayward  
Key decision: no
- c) **Section 75 Partnership Agreement for Public Health Nursing** (Pages 193 - 210)  
Cabinet Member: Cabinet Member for Children, Young People & Learning, Councillor Alisa Flemming  
Officer: Director of Public Health, Rachel Flowers  
Key decision: yes

**12. 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.”

**PART B AGENDA**

- 13. Ongoing Review of Brick by Brick Croydon Ltd and the future of the company** (Pages 211 - 262)  
Cabinet Member: Leader of the Council, Councillor Hamida Ali  
Officer: Interim Chief Executive, Katherine Kerswell and Interim Director of Finance, Investment & Risk and Section 151 Officer, Chris Buss  
Key decision: yes
- 14. Integrated Drug & Alcohol Treatment Service** (Pages 263 - 268)  
Cabinet Member: Cabinet Member for Families, Health & Social Care, Councillor Janet Campbell and Cabinet Member for Resources & Financial Governance, Councillor Callton Young  
Officer: Director of Public Health, Rachel Flowers  
Key decision: yes

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## Cabinet

Meeting held on Monday, 17 May 2021 at 6.30 pm in Council Chamber, Town Hall,  
Katharine Street, Croydon CR0 1NX

### MINUTES

- Present:** Councillor Hamida Ali, Stuart King, Muhammad Ali, Janet Campbell, Alisa Flemming, Patricia Hay-Justice, Oliver Lewis, Manju Shahul-Hameed and Callton Young
- Also Present:** Councillor Jason Perry, Jason Cummings, Lynne Hale, Simon Hoar, Yvette Hopley, Helen Redfern, Scott Roche, Andy Stranack, Gareth Streeter, Sean Fitzsimons, Robert Ward, Pat Clouder, Jerry Fitzpatrick, Mario Creatura, Leila Ben-Hassel, Simon Brew, Patsy Cummings, Clive Fraser, Bernadette Khan and Louisa Woodley
- Officers:** Doutimi Aseh (Interim Director Law & Governance)  
Chris Buss (Interim Director of Finance, Investment & Risk and Section 151 Officer)  
Matthew Davis (Deputy Section 151 Officer)  
Gavin Handford (Director of Policy & Partnership)  
Sarah Hayward (Interim Executive Director Place)  
Asmat Hussain (Interim Executive Director Resources)  
Steve Iles (Director of Public Realm)  
Elaine Jackson (Interim Assistant Chief Executive)  
Debbie Jones (Interim Executive Director Children, Families & Education)  
Katherine Kerswell (Interim Chief Executive)  
Alison Knight (Interim Executive Director Housing)  
Annette McPartland (Director of Operations)  
Yvonne Murray (Director of Housing Assessment & Solutions)  
Ian O'Donnell (Finance Consultant)  
Rachel Soni (Director of Commissioning and Procurement)  
Stephen Tate (Director of Growth, Employment & Regeneration)

### PART A

66/21 **Minutes of previous meetings**

The minutes of the Cabinet meetings held on 1 March 2021, 8 March 2021, 22 March 2021 and 12 April 2021 were agreed.

67/21 **Disclosure of Interests**

There were none.

68/21

**Urgent Business (If any)**

There were no items of urgent business.

69/21

**Investigation into conditions at 1-87 Regina Road, South Norwood and the Housing Service Improvement Plan**

The Leader of the Council (Councillor Hamida Ali) reflected that the investigators report had provided very clear analysis of both the circumstances which had arisen at Regina Road, but also their impression of the Housing service as a whole. It was noted that it was wholly unacceptable that a minor defect had been allowed to grow into a major problem which had risked the health and safety and had significantly impact resident's quality of life for four years.

The investigators, it was noted, had identified a range of issues across operational teams within the council; including repairs, asset management and tenancy management and to some extent the council's contractor. There was no one reason why the repair work had been left to become a major issue; rather the report listed a number of areas of concern: lack of capacity and competency of staff, poor culture with a lack of care and respect for tenants, systemic problems in how the council communicated and dealt with tenants complaints, weak performance management and poor use of data and intelligence by both the council and contractor.

Furthermore, the Leader noted that the investigators report spoke of a service which was reactive, inward looking, demonstrated outmoded culture and attitude towards tenants, stigmatised tenants, was unresponsive to concerns raised by tenants, councillors or MPs and a lack of information. This had led to opportunities to prevent what was happening being missed repeatedly and the failure to deliver a basic housing service effectively.

The Leader advised that the council had made self-referrals to both the Health & Safety Executive and the Regulator for Social Housing. Their judgements had been published and it was stated that the council had been found in breach of regulations.

In light of the terrible conditions experienced and the investigators findings, the Leader stated that existing practices were to end. It was stressed that the status quo could not be permitted to continue and everyone in the council was focussed on ensuring that change took place.

Members were informed that the report provided a number of updates to Cabinet; including the work which had been undertaken in relation to 1-87 Regina Road and similar housing, action taken to provide assurance of the conditions at similar housing blocks, updates on actions which had been taken to respond to the recommendations of the investigators, planned work to review, investigate and improve the Housing service and

how the council would involve the most important people, tenants, in its work going forward.

The Leader informed Members that the council was undertaking surveys of all the other blocks, filling vacancies in key areas including repairs, gas servicing and resident engagement, a wide review of the Housing service was underway and an externally led board would be established to support the ongoing improvement work within the service and the wider council.

Central to all of the work, the Leader stated, was the experience of tenants and she informed Members that the most concerning discovery had been lived experience of the tenants. She had found it shocking that the council treated residents as less than worthy and stigmatised tenants rather than, as should have been case, treating them as a valued member of the family. The behavioural and culture changes outlined within the report, the Leader noted, would be integral to reaching the necessary cultural changes quickly as the outdated behaviours were totally unacceptable. The Leader stressed that the work outlined within the report was fundamental to the council and the organisation would be judged as to whether it was making a positive difference to tenants' experiences.

The Cabinet Member for Homes (Councillor Patricia Hay-Justice) stressed how shocking and unacceptable she had found the situation; especially as she had benefited from living in council housing during her lifetime. It was stated that the investigation had found conditions to have been horrendous and that the council could not have expected anything less, but the Cabinet Member reiterated that the council was committed to turning the situation around to a point where tenants trusted the authority; however it was recognised that this would take a lot of hard work. It was stressed that every Member of the Council and all officers wanted Croydon to be the best landlord.

It was stated that the Cabinet Member was pleased that a new Interim Executive Director Housing (Alison Knight) had been appointed who would assist the council in driving forward the improvements which were required over the following months. The Cabinet Member thanked the residents who were in attendance and extended an invitation to all tenants to contact her to advise her of the issues they were facing.

The Interim Executive Director Place (Sarah Hayward) advised Members that the Cabinet report included the independent report from Ark and the council's action plan in response to the findings of the report. It was noted that the action plan included both immediate actions; such as reassuring residents that the council was taking important steps quickly to rectify the situation and actions which would be taken in the following months.

Members were advised by the Interim Executive Director Housing that she would be formally starting at the council during the following week

and that one of her initial actions would be to visit tenants to understand their experiences. She sought to assure all in attendance that she was committed to working as hard and as fast as possible to ensure the improvements were made effectively. One improvement, Members were advised, would be the formation of an external Improvement Panel and to ensure cultural change within the department took place to ensure tenants were treated with respect and dignity; as set out in the Social Charter for Housing.

The Interim Chief Executive (Katherine Kerswell) stressed that there was a need to fundamentally change the culture within the housing service. Members were advised that she and the Interim Executive Director Place had met with 150 members of staff from Housing over two days and had talked through the findings of the report investigation report. It was reported that they had been very sombre meetings with a number of staff being deeply shocked and distressed as none had purposefully sought to make tenants lives a misery, but it was recognised that had been the result due to the lack of action taken.

It was stressed by the Interim Chief Executive that all staff needed to take collective responsibility and needed to work together to put things right. Members were advised that the response from those meetings was that all staff wanted to work to improve the service and be part of the solution. In response to the Cabinet Member for Homes, comments, the Interim Chief Executive confirmed that it was absolutely important that the relationship between the council and its tenants did need rebuilding and was an aim of the improvement journey for the council.

Members were advised that the Improvement & Assurance Panel were working closely with the council on the improvement plan and the Interim Chief Executive thanked the Panel members for their support and advice.

The Interim Chief Executive advised Members that paragraph 10.1 should state that the salary costs were gross costs and included pension and National Insurance contributions and was for a fixed term contract. Furthermore the costs of the salary were being appropriately met by the Housing Revenue Account (HRA).

The Cabinet Member for Croydon Renewal (Councillor Stuart King) reflected that the report was extremely shocking and sombre reading for all. It was noted that the Tenants & Leaseholder Panel was due to meet in April 2021 but the meeting had not taken place; in light of this the Cabinet Member suggested the Panel should meet soon to discuss the findings of the report and consider the development of the Housing Improvement Board as it was felt that it was very important that the voice of the tenant was heard within the process.

It was noted that at paragraph 4.5 of the report that fire risk assessments had been undertaken in October 2020 and the Cabinet Member requested assurance that actions identified as part of those assessments

had been addressed. Section 6.8 of the report, the review of emergency and temporary accommodation, was welcomed as it was felt that the issues identified by Ark were likely to be symptomatic across the service and needed to be taken into account. It was further noted that section 6.1 of the report looked at the issues which Ark had identified as requiring immediate response; one of which was an outmoded culture and attitude amongst a number of staff towards tenants. The action identified was for managers to challenge any such outmoded attitudes or examples of showing a lack of respect to tenants. The Cabinet Member stressed that he felt that there was no place in the Housing service for anyone who did not treat every tenant with absolute respect and dignity.

Whilst the actions in Appendix 3 of the report were welcomed, the Cabinet Member suggested that the accountability column should include the name of the officer, rather than just the job title, so that residents could see that there were real people account of the improvements which were due to be made.

The Cabinet Member for Croydon Renewal concluded by querying when tenants would see real and visible changes to the Housing service which was due to be led by the Interim Executive Director Housing.

In response, the Leader of the Council stated that the full and proper engagement would take place with tenants and that she and the Cabinet Member for Homes had met with the Housing Scrutiny Panel to discuss their work on voids. That work, it was noted, had highlighted the need for the council to turnaround properties that were empty in a timely manner as there were people in the borough who desperately needed them. That turnaround should be in region of 20 days, but recent performance was around 100 days with around 272 empty properties in the borough. The Leader stressed that this was an important area for the council to focus on as there were a number of families in emergency or temporary accommodation. Furthermore, the Leader noted that at Regina Road there had been an empty property which had not been managed properly.

The Leader committed that the council would work with the Tenants & Leaseholder Panel and the Housing Scrutiny Panel, which did important work to engage with tenants in the borough and could support the shaping of the action plan.

The Cabinet Member for Homes informed Members that whilst the Tenant & Leaseholder Panel had not met they had taken time to listen to Panel members and tenants and were due to discuss the report and take questions from tenants that week. It was stated that the Cabinet Member had a vision which she would work on which was for greater engagement with tenants across the borough and would support the formation of forums at each site to support that engagement and improved dialogue with tenants. The Cabinet Member stated this would empower residents to make choices which they had previously not had the opportunity to do.

In response to concerns raised in relation to the fire risk assessments, the Interim Executive Director Place stated that concerns had been raised by Ark early into their investigation. She advised Members that she had taken immediate steps to understand where the council was in responding to the actions following the assessments and stated that she was confident that the council was responding to those actions. Whilst she was confident the actions were being managed she advised Members that she did not feel the council was sufficiently recording the work which had been done; with that in mind she had commissioned an audit of the fire risk assessments to give the council and tenants assurance that the work had been done appropriately. It was felt that it was recording of the safety work that was the issue rather than the work having not being undertaken.

The Interim Executive Director Place advised Members that delegated authority was based upon delegating to a position rather than to an individual. However, it was noted that for future iterations of the action plan, the name of the current post holder would be included alongside the job title to ensure that the document was more personalised.

In response to the query in relation to when residents would see real change the Interim Executive Director Housing advised that within her first month of the council she would expect the lack of empathy and out of date attitudes to have changed. A full plan of when repairs would be undertaken and other issues resolved would need to be finalised but she stressed that cultural change would need to be immediate and would be discussed in her first staff briefing on the following day.

The Cabinet Member for Children, Young People & Learning (Councillor Alisa Flemming) stated that she welcomed the report and understood first hand, as a council tenant, how challenging it could be to get issues resolved; especially with Axis. It was noted that recommendation seven of the action plan related to residents being unaware of who to contact to report issues. With this mind, the Cabinet Member queried how the council would ensure that both new tenants and current tenants had this information and suggested that details should be part of the welcome pack and that an annual reminder should be circulated. In terms of the repairs, the Cabinet Member stressed that it was important that to ensure that the service to report repairs was fit for service so to ensure that the anxiety experienced by tenants was alleviated as soon as possible.

In response, the Interim Executive Director Housing agreed that it was incredibly important that tenants knew who to contact, as well as knowing what they can expect from the council and what the council should expect from them. Members were advised that there should be a clear social housing contract in place with tenants which formed part of the tenancy agreement. It was confirmed that it was important that it was clearly set out that should a complaint be made that they could expect a response within a set number of days as it was recognised that this would alleviate



some of the stress experienced by residents. Communication, it was stressed, was key to support the relationship with tenants.

The Cabinet Member for Children, Young People & Learning noted that it was important that the council supported families as outstanding repairs could have a long term impact on children and young people. In response, the Interim Executive Director Housing advised Members that it was important to the work of the council to ensure that children were protected and schooling was not impacted, but that it was recognised that more work needed to be done in terms of safeguarding and ensuring housing staff were working closely with colleagues in children's and adults' social services. Members were advised that this was an area which would be incorporated within the training plan and improvement plan.

The concerns raised by Cabinet Members were shared by the Cabinet Member for Sustainable Croydon (Councillor Muhammad Ali) and it was stressed that as an organisation, the council needed to work harder to earn the trust of residents in addressing the significant issues raised within the report. Whilst immediate actions were being undertaken, the Cabinet Member queried what long term actions were being taken to ensure there was long term sustainable solutions. In response, the Interim Executive Director Place stated that the idea behind the Improvement Board was to drive long term improvements. The action plan dealt with immediate actions which would be completed within the short to medium terms, but the Interim Executive Director Place advised that it was intended the Board would be in place to deal with the required systemic change within the service to deliver the ambition of a good service.

The Leader of the Council welcomed Ms Fransoy Hewitt to the Cabinet meeting and stated Members were keen to hear her thoughts in light of her experiences and what she had heard in terms of the council's commitment to address the situation. The Leader stated that all Members were appalled by what she and her family and neighbours had experienced.

Ms Fransoy Hewitt challenged Members as to how the situation even arose as she had written to her MP and spoken to a number of departments in the council. She noted that there were a number of people in attendance at the meeting and questioned how no one knew what was happening and the impact it was having on her and her family's mental wellbeing. Furthermore, she questioned why no one had visited her property to see what the issue was despite the numerous times she had contacted the council.

The Leader responded that she had been shocked that the council had been made aware of the situation long before it had been investigated which had led to a minor defect becoming a major issue with living conditions that no one should have experienced. The Leader thanked Ms Hewitt and residents for sharing their experiences with investigators so lessons could be learnt.

It was noted by the Leader that frustration and anxiety would have been caused due to having to report the situation on a number of occasions and to a number of people, and whilst MPs and councillors were told the issue had been addressed it was acknowledged that this was clearly not the case. The report was intended to answer the question of how did the situation happen, and the Leader stated that the investigators had found that there were a series of issues including staffing. The council recognised this issue and the Leader stated there was a clear commitment to ensuring behavioural and cultural change took place to ensure Ms Hewitt's and Regina Road residents experiences never happened again. Changes within the council, it was recognised, would not change the experiences of those impacted residents for which the Leader stated she was truly sorry for.

The Cabinet Member for Homes acknowledged that she would never truly know what Ms Hewitt had personally experienced but stated that having stood in her flat she was passionate that it was an environment no one should have lived in and that no one should ever experience in future. In terms of the reason for it happening, the Cabinet Member felt that it was due to a lack of ownership and a lack of love for another human being. It was reiterated that this mentality was unacceptable and should never have happened. The Cabinet Member stated that should anyone have visited Ms Hewitt's flat they would not have slept knowing that a family was having to live there and that she and the Leader had to hold back tears when they visited. She stated that she was committed to leading the required change and would continue to speak with residents to ensure such a situation never occurred again.

The Cabinet Member for Children, Young People & Learning noted that Ms Hewitt had made reference to the impact on her mental health and reflected upon the effort that she would have had to have made to raise the issue time and again. The Cabinet Member made a plea to all local authority staff to remember that there was a person and family on the other end of the phone and that the call was about more than just a repair.

Ms Hewitt noted that the Leader had said that she had visited Regina Road and spoken to tenants, but highlighted that there were a number of tenants who had not had the opportunity to speak to her and were still waiting to raise their concerns directly with the Leader. It was stated that whilst it was nice to have panel meetings and to make plans for improvements; residents wanted to speak and put their points across as many were still suffering and needed help and support.

In terms of repairs, Ms Hewitt highlighted that despite moving into a new property she still had outstanding repairs and had been informed that they would not be resolved until June 2021. The frustration of the situation was highlighted by Ms Hewitt as she felt that she had to continually reach out to people who did not care about the situation she was facing as there was a continuous lack of action. It was noted that tenants in Croydon did

not trust the council as it felt like all the staff were only there for a job and did not care about the residents.

The Leader stressed that such experiences stopped at that point. The Cabinet and officers were committed to changing the experiences of tenants as their experience had been totally unacceptable. The Leader stated that she and the Cabinet Member for Homes were keen to meet with the residents of Regina Road and were due to meet some tenants later that week. Additionally, Members were informed that the council had written to all residents of the blocks of flats on Regina Road and encouraged tenants to share their experiences.

The Leader reflected that at the meeting which had taken place on 4 May with residents of 2 – 86 Regina Road that had reported issues with leaks and she assured residents that those concerns were being looked into. Miss Hewitt, Mr McNally and Miss Warren were thanked for continuing to share their experiences and it was hoped they would continue to engage with the council as they and other residents would be the judge of whether improvements were being made.

In terms of Ms Hewitt's outstanding repair, the Leader confirmed that officers would be looking into this and she would be requesting an update as soon as possible on progress which had been made.

The concerns raised in terms of the lack of care shown by staff was abhorred by all in attendance and the Leader noted that the Interim Chief Executive and Interim Executive Director Housing were meeting with all staff in Housing to discuss the importance of respect and dignity as it was the council's ambition to be the best service in London. Whilst it was recognised by the Leader that residents in the Public Gallery had laughed at such a suggestion due to their recent experiences, but reiterated that it was an important ambition as it was one which all residents should expect and receive. All residents, it was stressed by the Leader, deserved to be treated with care and love and staff should always keep in mind that there were real people and families behind each interaction.

Miss Hewitt reported to Members that she had experienced rude staff who showed no compassion. Concerns were raised that since the start of the pandemic staff appeared to be laid back as they were working from home and were judging tenants for the situation they were in. It was noted that it was not the job of Housing staff to judge tenants but it was their role to assist in resolving issues, such as repairs to properties. Miss Hewitt reported that a number of tenants had similar experiences of feeling that they were being judged and that staff had been rude.

Miss Hewitt stated that she had been pleading with council staff to assist her and the only response she had received was to contact Axis, rather than an officer taking responsibility to understand what the situation was and to ensure that it was resolved. It was noted that animals were not expected to live in such conditions, but that due to a lack of care families

were being left to live in flats suffering from extreme damp. Due to her experiences with the council, Miss Hewitt reported that she was suffering from constant headaches and was fed up with the treatment. Furthermore, she informed Members that due to such poor treatment residents in Croydon were no longer able to handle the situation they were being left in and were looking for avenues out; including overdosing on pills. She pleaded for councillors and officers to resolve the situation; and should they not be able to that they left their jobs for others to join the council who would be able to drive forward the required improvements.

In response, the Cabinet Member for Homes stressed that she would not be leaving as she wanted to work to ensure that the service improved and that in time Miss Hewitt would be able to experience those improvements.

The Interim Chief Executive offered Ms Hewitt a personal apology and one from the whole staff body for the way she, Mr McNally and Miss Warren had been treated. She reported she had stood in both Ms Hewitt's and McNally's flats and stated that she was in awe of the strength shown by them. It was noted that a number of council staff who worked within the Housing service were Croydon residents, and so part of the community. The Interim Chief Executive advised the meeting that staff had reported feeling ashamed and horrified of what had happened, and that their neighbours had been questioning them on how they could treat any with such disregard.

It was felt that Ms Hewitt and the Cabinet Member for Homes were right in suggesting that the underlying issue had been that no member of staff had taken ownership and recognised that it was their job to care and resolve the issue. The Interim Chief Executive committed that she would work to put things right as no one should have had to live in such conditions. The need to treat people with decency was of the utmost importance, as the Interim Chief Executive reflected that she understood the importance of giving people that support as she had grown up in the council housing herself.

Ms Hewitt queried whether staff undertook training and what the timeframe for the planned training was. In response, the Leader of the Council stated that the council had wanted to share the action plan as quickly as possible and it was recognised that more detail was required, such as timeframes. It was noted that one of the observations from the investigators had been that there was a lack of training available for staff which would be rectified. Furthermore, the Leader suggested that it would be of benefit if tenants could assist in shaping the training and provide feedback on whether they had seen any improvements following staff being trained.

Members were informed by Ms Hewitt that two tenants were still experiencing a large volume of disrepair and were continuing to be ignored and tenants across the borough continued to have outstanding repairs which needed to be resolved. Furthermore, concerns were raised

that a number of residents continued to live in temporary accommodation after 10 years as there was a lack of communication. This, it was noted, led to residents being unable to plan as they were unaware of what may happen.

The Leader stated that temporary accommodation had been included in the wider review as it was felt that the issues would be wide reaching, and it had been found that there were a number of residents in temporary accommodation for a significant amount of time.

In terms of council residents who were experiencing ongoing disrepair, the Leader stated the council were seeking to establish who continued to have outstanding repairs and what action had been taken. It was recognised that the council needed to keep reaching out to tenants so that it could establish a full picture and Cabinet Members welcomed tenants contacting them to tell them of their experience.

The Leader stated that she recognised that more work needed to be done to ensure that the council was hearing from all residents but stressed that there was a clear commitment and expectation for improvements to be made. Ms Hewitt was thanked for speaking to Cabinet and sharing her experiences, and the Leader welcomed her contribution and stated that she hope Ms Hewitt and tenants would engage with the council to ensure the improvements were being felt.

Whilst Ms Hewitt thanked the Cabinet Member for Homes for inviting her to speak at the meeting and suggested that tenants be invited to speak at council meetings going forward; concern were raised that talk was not enough and that significant action was required which tenants could experience.

The Cabinet Member for Culture & Regeneration (Councillor Oliver Lewis) reflected that empathy was one of the words of the year and that it appeared that the council had lost its empathy for tenants and residents. This was evident in Ms Hewitt's experiences and that of other tenants. Whilst it was noted that there was new leadership in the Housing service, the Cabinet Member queried how residents and tenants would feel a change in the culture and reintroduction of empathy in the interactions with staff.

In response, the Interim Chief Executive advised that there was an important piece of work to be done in terms of officers putting themselves in the shoes of the person receiving their service. Ensuring that officers were identifying with the tenant, showing them the respect that they deserved and were ensuring that help, such as a repair, was being done in a timely manner. This, it was noted, would require large scale behavioural change and would require a lot of planning. Furthermore, the Interim Chief Executive reflected that it would be important to understand from tenants what would convince them that things had changed.

The Cabinet Member for Communities, Safety & Business Recovery (Councillor Manju Shahul-Hameed) thanked Ms Hewitt for sharing her experiences and reflected that hearing from Ms Hewitt personally what she and her family had been going through had been distressing and emotional but was a reflection of what tenants had experienced.

In terms of the action plan, the Cabinet Member noted that timescales were incredibly important and would show that progress was being made to address the issues in terms of repairs and the wider housing issues. It was noted that recommendation 4, to identify problems in other high rise blocks, would be a large task for the council to complete. In respect of staffing, the Cabinet Member noted that staff were invested in improving the council but queried how the council would support staff to address the issues raised by residents.

The Interim Executive Director of Place advised Members that immediate steps had been taken with staff to improve the service and challenge some of the behaviours. Meetings had taken place with herself, the Interim Chief Executive and staff and more were due to take place. It was noted that the investigation had identified that the service was very inward looking and did not learn from best practice from other authorities. As such, as part of the improvement work learning from best practice would take place alongside training and the wider cultural work taking place in the council.

Councillor Clive Fraser apologised to Ms Hewitt and stated that he had wished that he had spoken to her before the situation had got so horrendous. He noted that he and Councillor Patsy Cummings had knocked on the doors of the residents of Regina Road, but that he was still struggling to get responses from officers on the issues he had raised. Councillor Fraser stated that the failings were systemic across all of the blocks at the site; not only in terms of upkeep but also in relation to communication with tenants.

At the heart of the issues experienced was a lack of respect and action shown by council staff and Councillor Fraser stated that real cultural change was necessary to overcome the systemic problems, such as ongoing leaks and rats in the kitchen, which had been experienced by tenants. Councillor Fraser committed that he and Councillor Patsy Cummings would continue to knock on doors to understand and to ensure action was taken as fundamentally the council had let tenants down.

The Leader thanked Councillor Fraser and Councillor Patsy Cummings for all their work and noted that the investigators had found complaints raised by ward councillors had not been acted upon appropriately.

The Leader of the Opposition (Councillor Jason Perry) raised concerns that only one member of the Opposition would be allowed to ask a question on such an important issue and it was felt that it was important that the Cabinet heard from the Opposition also. In response, the Leader

stated that Cabinet meetings were Executive meetings and there was an opportunity for Question Time at Council meetings.

The Shadow Cabinet Member for Housing (Councillor Lynne Hale) extended her thanks to Ms Hewitt for speaking to Members that evening and sharing her awful experiences as it was noted that it would not have been an easy thing to do as the whole situation had clearly been distressing and remained so. Ms Hewitt was thanked for shining a light on the appalling service provided by Housing, which had not only been her experience but the experience of countless residents across the borough.

Ms Hewitt's ongoing suffering, including the impact on her mental health, was highlighted by the Shadow Cabinet Member along with the outstanding repairs on her new property; which were stated to be wholly unacceptable. The Cabinet Member for Homes was urged by the Shadow Cabinet Member take personal responsibility to ensure her case was dealt with immediately as it was noted that Ms Hewitt had suffered enough and that she and her family deserved so much more.

The appointment of the Interim Executive Director of Housing was welcomed by the Shadow Cabinet Member, along with the steps which had already been taken to improve resident engagement. However concerns were raised that there was a long standing resident's forum and the discontinuation of ward visits had been a mistake. It was felt by the Shadow Cabinet Member that the publishing of the Ark report alongside the news of a Social Housing Regulatory break, whilst unsurprising given the circumstances, was an indictment of the running of the council. Given the ongoing issues which had lasted a number of years, the Shadow Cabinet Member queried how the Leader would ensure accountability for those responsible councillors, whose portfolios had included housing. Furthermore, the Shadow Cabinet queried how long the Cabinet Member had been aware of the complaints and issues within the repair service.

In response, the Leader noted that the report made it clear that councillors and MPs had been raising questions but that the responses provided included inaccurate information. Whether that was due to capacity concerns within the services, lack of training or communication with the contractor; the issues showed that senior management were not aware of the issues and so demonstrated that there was a breakdown within the service which needed to be addressed. By having an externally led Improvement Board it was hoped that the council would move away from an internal focus and would receive external challenge and assurance.

The Cabinet Member for Homes, in response, stated that she had always taken ownership of any issues which had been raised with her and welcomed the Shadow Cabinet Member to take ownership also and join her in meeting residents and ensuring action was taken.

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

**RESOLVED: To**

1. Fully accept the findings of the report of the independent investigation into the housing conditions at 1-87 Regina Road, a council-owned property in South Norwood - the investigation report is attached at Appendix 1 of the report;
2. Recognise that the housing conditions in the affected flats at Regina Road are completely unacceptable and reiterate the Leader's full apology to the tenants concerned;
3. Note the Council's response to the conditions at Regina Road: rehousing the tenants affected and responding to other urgent issues identified in the report;
4. Note the Council's steps to identify whether there are any issues at other council-owned high-rise blocks of flats, and the steps to resolve any problems identified;
5. Adopt the Council's initial action plan for the housing service;
6. Note that a wider review of the Council's housing services, including delivery of the repairs service, will be conducted and will consider how the Council fully involves its tenants and leaseholders, both in terms of responding to issues raised and in the co-design and co-delivery of services;
7. Note the exercise of delegated authority by the Council's Chief Executive under Part 4J 3.3 paragraph 2 of the council's Constitution to appoint an Interim Executive Director of Housing for an initial period of six months to bring additional capacity to provide new leadership and direction for the housing service, conduct a review of the wider housing service, and lead the development and implementation of a longer-term Housing Improvement Plan for the service. This will be reviewed after six months by the Appointments Committee in accordance with the council's Constitution.
8. Agree to the establishment of an independently-chaired Housing Improvement Board, the membership of which will include council tenants and leaseholders, and independent housing experts, to oversee the development and implementation of the Housing Improvement Plan;
9. Delegate authority to the Interim Executive Director of Place in consultation with the Leader and Cabinet Member for Homes to agree the final membership and constitution of the Housing Improvement Board together with its Terms of Reference;



10. Note that, in accordance with their delegated authority, the Chief Executive will consider, in consultation with the Director of Human Resources, what, if any, investigation is required to be undertaken in accordance with its agreed staff policies and procedures;
11. Fully welcome the recommendations of the Social Housing White Paper 'The Charter for Social Housing Residents', in particular the focus on the importance of treating residents with respect and ensuring the voices of tenants and leaseholders are heard;
12. Note that the report of the investigation and the Council's initial action plan will be shared with the Tenants and Leaseholders Panel, Housing Scrutiny Panel, Scrutiny and Overview Committee, the Ministry of Housing, Communities and Local Government (MHCLG), Croydon's Improvement and Assurance Panel, the Regulator of Social Housing and the Local Government Association; and
13. Note that a report will be made to the Scrutiny and Overview Committee to engage its members on the initial action plan, progress in implementation and developing the Housing Improvement Plan.

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#### **Ongoing Review of Brick by Brick Croydon Ltd and associated matters relating to the company**

The Leader of the Council (Councillor Hamida Ali) informed Members that the report provided an update following the decisions made by Cabinet in February 2021, but did not include a final decision on the future of the company as that would be considered at a future meeting of Cabinet. It was noted that the report principally sought agreement in terms of how the council accounted for the costs of the Fairfield Halls refurbishment, agreement to acquire 104 homes for the Housing Revenue Account (HRA) and approve an additional £10 million as working capital for Brick by Brick; should it be necessary.

It was further noted that the report sought to address the concerns raised by the external auditor in their Report in the Public Interest (RIPI) in terms of the purchase of homes from Brick by Brick which had initially been discussed by Cabinet in June 2020. Appendix 2 of the report, it was stated, sought to address the concerns; in particular in relation to the circular nature of the funding, and set out why the council felt the purchase of the homes was an appropriate decision.

The Interim Director of Finance, Investment & Risk (Chris Buss) drew Members attention to the appendices; appendix 2 Members were advised focussed on the purchase of 104 units and provided an extensive explanation on the officers view that the acquisition, via the use of the Greater London Authority (GLA) funding and the HRA, was the best option. Members were requested to read and seriously consider the detail

provided within the appendix when making a decision on whether to purchase the homes.

Members were advised that the figures in relation to the overall spend on Fairfield Halls were incorrect within the report and the Interim Director advised that the breakdown of expenditure was; Fairfield Halls - £61.7 million, car park - £4.2 million, public realm - £3.2 million , and Fairfield homes - £4.2 million. The overall expenditure, it was stated, remained the same at £73.3 million. Members were further advised that the overall loan and interest owed to the council following accounting adjustments was £161,566,688 and that this figure included the £73.3 million spent on Fairfield Halls which was recommended to be reclassified as capital expenditure.

The Cabinet Member for Croydon Renewal (Councillor Stuart King) stated that in principle he supported the recommendations but sought clarification in terms of the loan agreement, which he felt was desirable for both the council and Brick by Brick and would account for all monies loaned to the company. It was noted that the original agreements had assumed a debt/equity ratio of 75/25 which it was known had not been met. The Cabinet Member queried how the total loan for Fairfield Halls and wider Brick by Brick loans had been determined and what due diligence had been undertaken to ensure those values were correct. Further queries related to whether the Brick by Brick Directors accepted the allocations and what monitoring would be put in place to ensure the new consolidated loan was repaid. In terms of Members monitoring this work, the Cabinet Member queried how repayments would be reported to councillors. The Cabinet Member concluded by asking whether the external auditor had raised any concerns in relation to how the funds from Brick by Brick would be applied.

In response, the Interim Director confirmed that the consolidated loan term was for four years with the rationale being that should Cabinet agree to a full build out the building work and accounting work may not be concluded until 2025. It was confirmed that the Brick by Brick directors did agree to the consolidated figures and an agreement was due to be signed by the Chief Executive, following consultation with Cabinet Members, and the directors of Brick by Brick. Should a further drawdown be required, it was intended that this would be reported to the Shareholder Board which included Members and updates would be provided to councillors. In terms of the external auditors, the Interim Director advised that they had not expressed any concerns to him regarding repayments being used to repay accrued interest and then to repay the loan agreement.

The Cabinet Member for Croydon Renewal queried the difference in terms of Fairfield Halls figures, with Brick by Brick accounts showing the figure at £76.4 million and the council publishing the amount as c. £69 million. The Interim Director advised the difference between the two figures was due to the way Brick by Brick treated accrued interest. Further queries were raised in terms of the minimum revenue provision (MRP)

implications on the council in terms of moving Fairfield Halls works from general budget to the capital programme. In response, the Interim Director advised that when the Medium Term Financial Strategy (MTFS) was set earlier in the year a provision had been made for some of the Brick by Brick loans to be no longer paid off; including the loans for Fairfield Halls. As such, this had already been allowed for with the MRP and so there would not be an additional revenue budget cost.

The Cabinet Member for Resources & Financial Governance (Councillor Callton Young) was pleased to note that there had been no disputes with contractors but raised concerns in relation to the need for some accounts to be settled and that additional works were required at some sites. In response the Interim Executive Director Place (Sarah Hayward) advised that work was required in terms of the novation of contracts. Brick by Brick were working to settle all accounts with contractors ahead of novation, but Members were advised that the council would also ensure financial due diligence was undertaken which specialist surveyors would support to ensure the contracts had been discharged and that the work had been completed to a good quality. The Interim Executive Director advised that assurances could not be provided until surveys had concluded and the contracts novated, with the timescales for this work being clarified later that week.

The Cabinet Member for Resources & Financial Governance noted that the RIPI had included concerns as to the circular nature of funding and queried whether the council had properly explored the benefits and dis-benefits of purchasing the additional housing units. The Interim Director advised that he felt appendix 2 of the report clearly set out the benefits and dis-benefits of the options available to the council and further advised that it was for each Member to read the information provided and to reach their own conclusion as to whether the recommendation in the report was the correct course of action.

It was noted by the Cabinet Member that the information was technical and that Members needed to ensure it had received professional advice and assurance that the right option was being taken; as such he queried whether the details in appendix 2 of the report had been discussed with the external auditor. The Interim Director advised Members that the appendix had previously been a discussion paper between himself and the external auditor and that the only request had been to include the potential savings, of £400,000, to the general fund from not using temporary accommodation.

The Cabinet Member noted that the Interim Director had reference a potential tax liability and queried how the council would seek to minimise that risk. In response the Interim Director advised that the council had appointed tax advisors to support the work of the council, should it choose to sell Brick by Brick, to structure the sale in a legitimate tax efficient manner.

The Interim Chief Executive (Katherine Kerswell) advised Members that she had spoken with the external auditor, Sarah Ironmonger, in relation to the report and that Sarah had pressed upon the importance to clearly lay out the technical details; as had been done within appendix 2 of the report. The appendix sought to set out all of the pros and cons between two budget styles but it was stressed that external auditors would not state whether one course of action was correct or not. Additionally, it was noted that the council worked closely with the Improvement & Assurance Panel and Members were advised that they had been supporting the council on this piece of work. They had asked that Members to be mindful of the February 2021 report and that decisions were taken as being part of the whole approach to Brick by Brick.

The recommendation of an additional draw down of £10 million was noted by the Cabinet Member and confirmation was sought that this would be required for justifiable cash flow reasons and would be of benefit to the council. It was stressed by the Interim Director that he was hopeful that this provision would not be required and was included in the report should additional monies be required only.

It was noted by the Cabinet Member for Homes (Councillor Patricia Hay-Justice) that whilst the proposed purchase of homes was not sufficient it was a very welcome addition to the HRA as they would provide much needed homes for families.

The Cabinet Member for Children, Young People & Learning (Councillor Alisa Flemming) noted that paragraph 3.8 of the report included future intentions for some of the smaller sites and stressed that the council was ensuring that it was supporting its young people; in particular care leavers. To that end, the Cabinet Member queried whether supporting care leavers to have a home within the borough could be included as an option for future homes. In response, the Interim Chief Executive advised that this could be included in future discussions for the remaining sites.

The Cabinet Member for Croydon Renewal raised concerns in relation to recommendation 1.4 of the report; especially in relation to delegating authority for the possible expenditure of millions of pounds and proposed that future decisions be brought back to Cabinet for consideration and decision. As such, he proposed an amendment to recommendation 1.4 to read:

*“To note that any recommendation to acquire further units or other assets from Brick by Brick, and that any such acquisition of units to be within existing capital budget provision and meet the affordability criteria, should return to Cabinet for decision.”*

This proposed amendment was seconded by the Cabinet Member for Resources & Financial Governance and agreed by Cabinet.

The Leader of the Opposition (Councillor Jason Perry) raised concerns that the Opposition was being able to ask only one question and so were not able to hold the Administration to account. The Leader of the Opposition suggested that the meeting be adjourned and returned to on an alternative night to allow for further questions. In response, the Leader reminded the Leader of the Opposition that there was an Executive system in place and that it was local decision to involve the Shadow Cabinet in meetings, but that it was not a place for scrutiny. Opposition Members were advised that Scrutiny & Overview Committee or Council Question Time were the appropriate environments.

It was stated by the Leader of the Opposition that the Fairfield Halls refurbishment should have been at zero cost to the council was being accepted as costing taxpayers £73.3 million. Furthermore, it was stated that in February 2021 the Cabinet had agreed to a final £10 million loan to Brick by Brick, but it was noted that the report included a recommendation for a further £10 million. Concerns were raised that the HRA was being used to buy homes from the developer to bail it out and it was suggested that it would have been better for the council to have built the homes itself rather than through Brick by Brick. Whilst it was noted that consolidation of the loans was desirable, the overall cost to the council was £235 million and it was suggested by the Leader of the Opposition that the council had no control over the company and continued to fail. He queried how the Cabinet would justify those poor choices to the Croydon taxpayers.

In response the Leader of the Council stressed that her Administration were demonstrating that it was putting the situation right and that this demonstrated by the items being considered by Cabinet. It was further noted that a Value for Money investigation had been commissioned, the council was responding to the RIPI and the Croydon Renewal Programme was underway; all of which, the Leader stated, was putting Croydon on the right footing and would be of benefit to residents.

Fairfield Halls was noted by the Leader to be an extremely valuable community and cultural asset and the council was seeking to acquire more homes which were desperately needed by Croydon residents. It was stated that Scrutiny & Overview Committee would have an opportunity to review the decision, which it was felt appropriate.

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

**RESOLVED: To**

1. Agree that the Council recognises the costs of the Fairfield Halls refurbishment, being a total of £69.261 million (as identified in Appendix 1 of the report), as capital expenditure rather than as a Capital Loan and to:

- i. Agree, in principle, that the existing Fairfield Halls refurbishment contracts with Brick by Brick be novated to the Council (subject to review of the individual contracts, to be finalised and authorised by the Interim Executive Director of Place under their delegated authority); and
  - ii. Agree, in principle, that specialist consultants or contractors, required to identify any additional remedial works to the building, be appointed (in accordance with the Council's Tenders and Contracts Regulations).
2. Approve that the Council's Housing Revenue Account (HRA) can acquire 104 residential units from Brick by Brick as set out in Appendix 2 of the report and as further detailed in the Part B restricted report.
3. Agree that the consolidated loan agreement shall, if required, be varied to include a further loan draw down amount of up to £10 million to cover additional working capital, in the event that this is required by Brick by Brick due to possible delays with forecast sales receipts (this is in addition to the £9.99m agreed by Cabinet in February 2021) and agree that authority be given to the Interim Chief Executive in consultation with the interim Director of Finance, Insurance and Risk and Section 151 officer and in consultation with the Leader and the Cabinet Member for Croydon Renewal and Cabinet Member for Resources and Financial Governance; to agree such draw down sums (not exceeding the overall additional £10m) as appropriate to address immediate operational needs.
4. To note that any recommendation to acquire further units or other assets from Brick by Brick, and that any such acquisition of units to be within existing capital budget provision and meet the affordability criteria, should return to Cabinet for decision.
5. Otherwise note the progress made with regard to the previous February 2021 Cabinet recommendations on Brick by Brick.

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### **Libraries Public Consultation Phase Two - Options for cost savings in libraries provision in the borough**

The Cabinet Member for Culture & Regeneration (Councillor Oliver Lewis) noted that the last year had been a difficult time for Croydon and its libraries but stated that throughout that time the council had listened to residents and had tried to prevent library closures. To that end, the Cabinet Member was pleased to announce that the option to close libraries had been removed and that the report set out investment of £1.8 million of Community Infrastructure Levy monies in libraries, including a new library in South Norwood and investment in the libraries which were part the focus on the consultation.

Phase Two of the consultation included options of 21% reduction in hours across the service, an outsourcing model and a hybrid model. The full details on the options were set out in the report which asked Cabinet for approval to move to the next phase of the consultation.

It was highlighted by the Cabinet Member that a resident of Shirley, Andy Bebbington, had raised that the table within the appendix included the population of the ward the library was located but that libraries provided a service to more than one ward. Furthermore clarity was provided by the Cabinet Member that the £500,000 savings were required within 2022/23 financial year and not 2021/22, as set out in the report.

The Interim Executive Director Place (Sarah Hayward) highlighted that a huge amount of work had been undertaken by officers and residents to bring forward a report to go to the next phase of consultation.

It was noted by the Cabinet Member for Communities, Safety & Business Recovery (Councillor Manju Shahul-Hameed) that the report evidenced that the council had actively engaged with residents despite a period of national lockdown. It was highlighted that outsourcing the service would achieve the required savings, but not during the current financial year and questions were asked as to the implications of the options. Further questions were asked about community run libraries as it was noted that the feedback from residents of Broad Green was that the library was well used by the BAME community.

In response, the Cabinet Member for Culture & Regeneration stated that should the council proceed with outsourcing the services through a partnership agreement then the full revenue savings would be achieved. In terms of community engagement, the Cabinet Member stressed that he hoped that the council could work closely with the communities in the borough; regardless of the final option agreed upon as it was recognised that there was a great amount of value of involving residents in the library service it was hoped that better outcomes for residents could be achieved.

It was noted by the Cabinet Member for Croydon Renewal (Councillor Stuart King) that the report set out that the preferred option, in terms of outsourcing, was a social enterprise or charitable organisation but sought clarification that commercial enterprises would be entitled to participate in the procurement process. Furthermore, the Cabinet Member raised concerns that the country was still operating under Covid-19 restrictions and queried whether this had been factored into future thinking; should libraries be required to close or the contractor went bankrupt.

In response, the Cabinet Member for Culture & Regeneration stated that should the council move to a procurement process for a partnership arrangement it would be an open process, but that he hoped that it would be an opportunity to demonstrate the Administration's values in the partnership and improved outcomes for residents. It was stressed that

there would not be a return to a contract like the Carillion library outsourcing which had been badly run.

In terms of planning for possible future restrictions or a contractor going bust, the Cabinet Member stated the council would be seeking assurances that any organisation looking to run the libraries was financially resilient. Furthermore, it was noted that the council would be commissioning a service and so should there be any closures due to restrictions the organisation would still be paid; irrespective of whether the service offered was virtual or face to face.

The Shadow Cabinet Member for Culture & Regeneration (Councillor Gareth Streeter) expressed disappointment that it appeared that the decision, which was due to be made by Cabinet, had already been made as it was reported that labour councillors had tweeted over the weekend in relation to the report. He further noted that there were three options being consulted; all of which would result in job losses. The Shadow Cabinet Member queried how many staff would lose their job or significant proportion of their income.

In response, the Cabinet Member stated that labour members had not been briefed but had read the published reports and were tweeting in response to the report. In terms of job losses, the Cabinet Member confirmed that the council would seek to minimise redundancies by not recruiting to vacant posts to reduce the impact on staff. The Cabinet Member concluded by thanking library staff for their hard work during the pandemic.

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

**RESOLVED:** To commence the second phase of public consultation on proposed changes to the Libraries service from the following options:

- Reduce service hours by 21% across the borough
- Outsource all libraries
- Hybrid – reduction in service hours (two days per week) to eight libraries and five community run libraries

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### **Financial Performance Report - Period 11**

It was noted by the Cabinet Member for Croydon Renewal (Councillor Stuart King) that the report was the second monthly financial report to go to Cabinet and formed part of the increased financial rigour within the council to ensure Members were kept abreast of the finances of the authority. The report provided the situation in February 2021 and provided details of a confirmed overspend of £67.2 million which represented an improvement of almost £2 million since the previous report to Cabinet. The Cabinet Member noted that all of the movement was at a departmental budget level which was a positive step.



The use of the Spending Control Panel remained important and it was felt that the Panel was having a positive impact but that it was stressed that it was important that the council moved to challenging spend even where budgets exist to ensure where there was spend it was a necessary expenditure.

Members were informed that at section 3.1 of the report there was an error as it referred to when the Secretary of State may confirm the capitalisation direction whereas that confirmation had been received and approved and so the Section 114 Notice no longer applied.

The Cabinet Member for Resources & Financial Governance (Councillor Callton Young) noted that the Spending Control Panel was a good tool to manage spending more effectively but noted that the report did not provide a disaggregate of the figures. In response, the Interim Director of Finance, Investment & Risk (Chris Buss) confirmed that those figures would be provided in future reports. The Interim Director noted that of the risks identified in the report that the interest on the Brick by Brick loans would materialise, but that he did not envisage the rest coming to fruition and from having had early sight of the outturn he was hopeful that all the risks, including the additional money for Brick by Brick, would be manageable within the £70 million capitalisation direction.

The Shadow Cabinet Member for Croydon Renewal (Councillor Jason Cummings) stated that this was a rare occasion where overspend had gone down from a previous report and was welcomed, but noted that the overspend remained over £67 million. It was further highlighted by the Shadow Cabinet Member that £400,000 of the almost £2 million improvement had come from over performance of Penalty Charge Notices (PCNs) and queries whether Cabinet Members were comfortable generating money from residents and businesses.

In response, the Cabinet Member confirmed that whilst the overspend had decreased the overall picture remained bleak. The Cabinet Member reflected that over 50% of PCNs were issued to drivers who lived outside the borough and so stressed that it was incorrect to suggest that the charges were impacting mainly residents. Furthermore, it was highlighted that there was an independent appeal process should a driver feel the PCN was not correctly issued, but that for over 80% of the appeals the council's case was being upheld. The Cabinet Member for Sustainable Croydon (Councillor Muhammad Ali) added that there were clear policies in place, such as improving air quality for schemes where PCNs were issued.

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

## **RESOLVED: To**

1. Note the net projected general fund financial overspend of **£67.2m** for the full year as at the end of Month 11, February 2021 which includes all projected COVID-19 related expenditure and income of **£40.9m**, a net decrease of **£1.9m** from Period 10, see section 3 of the report.
2. Note that a number of risks may materialise which have been previously reported which would see the variance increase. These include dividends and interest receivable from Brick By Brick (both historic accrued and in-year expectations) of **£20.6m**, and pending external audit verification of assumptions around 2019/20 accounting treatment of MRP and Transformation funding that could impact by **£6.0m**. Should all these risks which total **£26.6m** materialise, which is unlikely, the impact on the current forecast overspend of **£67.2m** is an increased overspend to **£93.8m**, with draft general fund reserves of just **£7.4m**.
3. Note, the above figures are predicated on forecasts from Month 10 to the year end and therefore could be subject to change. Forecasts are made based on the best available information at the time.
4. Note that the Spending Control Panel which was set up at the beginning of November 2020 continues to meet on a daily basis. Further details on the outputs of the SCP is provided within section 5 of the report.
5. Note that ELT are to continue to take further immediate action to mitigate spend during the remainder of the financial year, and work with their departments to ensure forecast figures are thoroughly reviewed.

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## **Fees & Charges 2021/22**

The Cabinet Member for Croydon Renewal (Councillor Stuart King) informed Cabinet that most increases detailed in the report were to cover inflation, with a couple being catch-up increases following a period of no change. It was noted that the last review had taken place in 2018 and good practice was to review fees and charges on an annual basis. In this regard, the Cabinet Member reflected that there were elements of poor practice within the council which had come to light as part of the review and were being addressed; such as ensuring charges covered overheads and not just direct costs. Furthermore, it was suggested that payment in advance should be the default position, where possible, to ensure the fees were collected before a service was delivered.

It was further stated by the Cabinet Member that improvements would be made in the residents experience; including the details of the fees and charges being more easily identifiable on the council's website.

It was noted that not all charges were included within the report; such as licensing charges would be considered by the Licensing Committee and that a further review was underway with a subsequent report to Cabinet due later in the municipal year.

The Cabinet Member for Sustainable Croydon (Councillor Muhammad Ali) queried whether benchmarking had taken place against other London councils. In response, the Cabinet Member for Croydon Renewal confirmed the council was comparing its fees and charges compared to other councils. It was recognised that more benchmarking was required across the council and was only able to charge a fee which recovered the cost of the service and as such the proposed changes were only to recover costs and were not to generate profits. The Finance Consultant (Ian O'Donnell) confirmed that he had spoken to the responsible officers and that the majority were undertaking benchmarking exercises. Furthermore, he had undertaken a benchmarking review against those charges which were published on council's websites and following that exercise he was able to confirm that the council was broadly charging what other authorities were charging. It was reiterated that the law restricts the council from making a profit and the council could only charge up to the amount it cost to provide the service.

Concerns were raised by the Shadow Cabinet Member for Communities, Safety & Business Recovery (Councillor Andy Stranack) that the proposed increases would impact the voluntary sector and noted that the charge to hire sport pitches was proposed to be increased by 15% which may lead to local football clubs suffering from financial difficulties. In response, the Cabinet Member for Croydon Renewal stated that it was difficult to understand why the Opposition felt that an elderly resident should subsidise activities such as a developer's street naming costs. It was reiterated that the charges were to recover costs only and suggested that those involved in using the Purley Way football pitch would understand that the charge was meet the full costs of using the pitch.

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

**RESOLVED: To**

1. To approve the fees and charges set out in Appendix 1 of the report;
2. Note that the charging policy for Adult Social Care has been amended with effect from 12 April 2021 under delegated authority as set out in paragraph 3.13 of the report;
3. To note that a report will be brought to Full Council reviewing the process and delegations for setting fees and charges;

4. To note that work is being undertaken to reconfigure the way fees and charges are presented on the council website so that they are presented in a user-friendly way that ensures they are easy to find in relation to each area of business and that enables customers to progress transactions easily;
5. To note that further increases to fees and charges will be brought forward for decision as proposals are developed; and
6. To have due regard to the equalities impact assessment at Appendix 2 of the report in making the decisions set out in these recommendations.

74/21

### **Croydon Renewal Community Engagement**

The Leader (Councillor Hamida Ali) noted that the report updated Members on work undertaken following discussions at the February 2021 Cabinet meeting; in particular in relation to the establishment of a Community Panel to support the delivery of the Croydon Renewal Improvement Plan in addition to the work of the Improvement & Assurance Panel. The Community Panel sought to provide a facility to speak directly with residents to ensure the council was communicating widely on the work it was progressing and to hear residents' perspectives. It was reported that more outward reaching approaches to engaging with residents were proposed; with webinars which encouraged residents to share their views on the improvement work and to establish an online Citizens Panel to support the development of an ongoing relationship with residents.

The Interim Chief Executive (Katherine Kerswell) advised Members that the report should have included a reference to the considerable amount of engagement which takes place with children and young people in the borough and that the work on engaging in the public on the Croydon Renewal Improvement Plan could feed into that engagement as it was recognised they were the future of the borough. The Cabinet Member for Children, Young People & Learning (Councillor Alisa Flemming) welcomed the Interim Chief Executive's comments and noted that the Choose Your Future platform may be a good option.

The Cabinet Member for Culture & Regeneration (Councillor Oliver Lewis) noted that it would be important to ensure the engagement work reached beyond the usual suspects and engaged with residents who did not ordinarily participate in those conversations. In response, the Leader stated that the intention of going beyond the proposals discussed in February was to ensure it was an open discussion with residents and engaged with more than the usual resident groups.

The Cabinet Member for Communities, Safety & Business Recovery (Councillor Manju Shahul-Hameed) further confirmed that the membership of the Citizen Panel would be an open process and that

panel members would need to be representative of the whole community of Croydon.

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

**RESOLVED:** To

1. Agree the proposals for a series of resident webinars to provide information on the Croydon Renewal improvement plan, the actions being taken by the Council, and to answer questions and receive feedback from residents;
2. Note that a review is currently underway in relation to the Council's Get Involved platform, which supports consultation and engagement with residents;
3. Establish a Citizens e-Panel as detailed in paragraphs 5.10 - 5.15 of the report to form a representatives and retained sample of residents to inform Council decision making as part of the Croydon Renewal Plan; and
4. Authorise the Interim Chief Executive to finalise the arrangements for a Citizens e-Panel, including terms of reference and membership, and undertake Equality Impact Assessment and complete a Data Protection Impact Assessment, prior to implementation, as necessary.

75/21

**Stage 1: Recommendations arising from Scrutiny**

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

**RESOLVED:** To receive the recommendations arising from meeting of the Scrutiny & Overview Committee held on 30 March 2021 and the Children & Young People Sub-Committee held on 20 April 2021, and to provide a substantive response within two months (i.e. at the next available Cabinet meeting on **5 July 2021**).

76/21

**Stage 2: Response to Recommendations arising from Scrutiny & Overview Committee held on 16 February 2021**

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

**RESOLVED:** To approve the response and action plans attached to the report at Appendix A and that these be reported to the Scrutiny and Overview Committee or relevant Sub-Committees.

77/21

### **Investing in our Borough**

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

**RESOLVED:** To note

1. The contracts between £500,000 and £5,000,000 anticipated to be awarded under delegated authority from the Leader by the nominated Cabinet Member, in consultation with the Cabinet Member for Resources and Financial Governance and with the Leader in certain circumstances, before the next meeting of Cabinet, as set out in section 5.1.1 of the report; and
2. The list of delegated award decisions made by the Director of Commissioning and Procurement, between 17/03/2021 – 06/04/2021, as set out in section 5.1.2 of the report.

78/21

### **Exclusion of the Press and Public**

This item was not required.

79/21

### **Ongoing Review of Brick by Brick Croydon Ltd and associated matters relating to the company**

The discussion of the report and decisions were held in Part A (minute reference 70/21).

The meeting ended at 9.28 pm

## Cabinet

Meeting held on Monday, 7 June 2021 at 6.30 pm in Council Chamber, Town Hall,  
Katharine Street, CR0 1NX

### MINUTES

- Present:** Councillor Hamida Ali, Stuart King, Muhammad Ali, Janet Campbell, Alisa Flemming, Patricia Hay-Justice, Oliver Lewis, Manju Shahul-Hameed and Callton Young
- Also Present:** Councillor Jason Perry, Jason Cummings, Lynne Hale, Simon Hoar, Yvette Hopley, Helen Redfern, Scott Roche, Andy Stranack, Gareth Streeter, Sean Fitzsimons, Robert Ward, Pat Clouder, Jerry Fitzpatrick, Mario Creatura, Kolade, Agboola, Leila Ben-Hassel, Sue Bennett, Simon Brew, Patsy Cummings, Clive Fraser, Maddie Henson, Bernadette Khan, Shafi Khan and Louisa Woodley
- Officers:** Doutimi Aseh (Interim Director Law & Governance)  
Caroline Bruce (Head of Business Intelligence, Performance & Improvement)  
Chris Buss (Interim Director of Finance, Investment & Risk and Section 151 Officer)  
Henry Butt (Strategic Support Officer)  
Bianca Byrne (Head of Commissioning & Procurement)  
Kerry Crichlow (Programme Director – Children’s Improvement)  
Shelley Davies (Director of Education & Youth Engagement)  
Matthew Davis (Deputy Section 151 Officer)  
Gavin Handford (Director of Policy & Partnership)  
Sarah Hayward (Interim Executive Director Place)  
Asmat Hussain (Interim Executive Director Resources)  
Steve Iles (Director of Public Realm)  
Elaine Jackson (Interim Assistant Chief Executive)  
Debbie Jones (Interim Executive Director Children, Families & Education)  
Katherine Kerswell (Interim Chief Executive)  
Alison Knight (Interim Executive Director Housing)  
Paul Kouassi (Head of Service)  
Roisin Madden (Interim Director of Early Help and Children Social Care)  
Annette McPartland (Director of Operations)  
Sue Moorman (Director of Human Resources)  
Kevin Oakhill (Autism Inclusion Lead)  
Ian Plowright (Head of Strategic Transport)  
Nish Popat (Head of Corporate Finance)  
Rachel Soni (Director of Commissioning and Procurement)

## **PART A**

### **80/21 Disclosure of Interests**

There were none.

### **81/21 Urgent Business (If any)**

The Leader informed Cabinet that there was one item of urgent business, Determination of School Admission Arrangements, which was considered following minute number 87/21 (Autism Strategy).

Cabinet were informed that the order of the agenda would be varied with minute number 88/21 (Recommendations from the Croydon Climate Crisis Commission) taken as the first substantive followed by minute number 90/21 (Crystal Palace and South Norwood Low Traffic Neighbourhood).

### **82/21 Determination of School Admission Arrangements**

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

#### **RESOLVED: To**

1. Recommend to full Council that it determine the changes to Croydon's community schools' admission arrangements for the 2021/22 (at Appendix 1 of the report) and 2022/23 (at Appendix 2 of the report) academic years.
2. Note that variations will be conditional on the Code passing through its Parliamentary process (i.e. a date on or around 1 July 2021). If any variations are agreed before then, they must be expressed to be conditional on the Code passing through Parliament. All such variations should come into effect on 1 September 2021.

### **83/21 Financial Performance Report - Month 1 April 2021**

The Cabinet Member for Croydon Renewal (Councillor Stuart King) stated the report was the first report for 2021/22 financial year and reflected the outturn for April 2021. It was noted that departments were reporting a variance of £3.4 million on the approved budget, most of which was not Covid-19 related, and that there was no indication of whether the variances were permanent or one offs which the Cabinet Member requested be added to future reports.



It was stated by the Cabinet Member that it was important that Members understood the impact of the costs of those variances and that the General Fund was projecting a net variance through the use of ring-fenced Covid-19 grant monies. It was noted that the use of reserves so early in the year could be seen as being premature.

The Cabinet Member noted that at paragraph 3.9 of the report that services had been instructed to find mitigations for all savings which could not be met and stated that he felt that this approach should be applied to all budget pressures and overspends rather than services looking to the corporate centre to meet shortfalls, for both the General Fund and Housing Revenue Account (HRA).

It was noted by the Cabinet Member that the report spoke of the role of the Spend Control Panel (SCP) and whether it should be applied to the HRA and Coroner Service. It was felt by the Cabinet Member that the SCP had a positive impact on spending within the council and in light of the £2 million overspend in the HRA he felt the rigours of the SCP should be applied to the HRA.

The Cabinet Member noted that at table 3 of the report that around £1 million of mitigations related to staffing and vacancies and queried why the amount was not reported as a saving but as a mitigation.

The Cabinet Member for Resources & Financial Governance (Councillor Callton Young) queried when the savings plan would be presented to Members as it was recognised that the financial year was passing.

In response to the query in relation to staffing mitigations, the Interim Director of Finance, Investment & Risk (Chris Buss) advised Members that the figures within the report were part year effects of when it was thought staff would leave as the figures were for staff who had been made redundant. Those figures would only move from being considered a risk or opportunity to the forecast once the staff members had left the organisation.

In terms of the HRA, the Interim Director advised Members that the HRA budget was set before the details of Regina Road were available and since that point a significant amount of work had been undertaken, including enhancing the staffing within Housing. Members were advised to carefully consider the possible implications before reintroducing controls on the HRA. They were further advised to wait a couple of months to understand the full picture of what spending was like as it was felt that the bulk of the overspend was a direct consequence of the conditions at Regina Road and over blocks.

In response to the query in relation to a savings plan, the Interim Director advised that a plan had been drafted and would be brought to Cabinet in due course when officers were confident that the savings identified could be delivered.

The Cabinet Member for Resources & Financial Governance queried how the SCP could be considered a hindrance to justified spending, if the Panel was working as it was intended. Furthermore, the Cabinet Member stated that it was important that Members saw the savings plan as early as possible to understand the proposals for the year ahead.

The Interim Chief Executive (Katherine Kerswell) drew Members attention to the report being for period 1 of the financial year and highlighted that such a report was unusual for a council, but was a reflection of the council's commitment to openness and transparency. Members were advised that council's often did not publish a period 1 report as so much often changed after the initial month.

Members were further advised that a written report could not convey the leadership which was taking place in the council to ensure managers were focussed on delivering the 2021/22 budget which included £44 million of savings, the budget delivery and revenue income. It was highlighted that the council had savings to deliver from 2020 to 2023 and beyond and that there was a significant amount of work still to be done. The culture of the corporate centre being available to mitigate any issues was reported to be leaving the organisation and the idea that because there was a budget it did not need to be spent was being taken on board.

The Interim Chief Executive advised Members that significant assurance work was being undertaken alongside identifying savings for coming years. Whilst it was recognised the council faced an incredibly challenging Medium Term Financial Strategy, with 2022/23 being the most difficult, Members were advised that officers were committed to achieving the budget.

The Leader of the Council (Councillor Hamida Ali) queried how the council was achieving the change in culture which was required. Furthermore, assurances were sought as to whether the council was actively working to achieve mitigations so that reserves or grant funding was not required.

It was noted by the Leader that within the Report in the Public Interest (RIPI) the council had been criticised for previously not accurately reporting the seriousness of the financial position to Cabinet and queried whether it was felt that the report was an optimistic assessment of the position the council was in.

In response, the Interim Chief Executive advised Members that the report was accurate and did not misrepresent the council's position. It was felt that the Interim Director had correctly, in accounting terms, presented Members with the balance of the outcome for the year as it stood at month one. Members were advised that a recommendation could be included that mitigations be found not just for savings that were not delivered, but for all overspends.

It was noted by the Cabinet Member for Croydon Renewal that there was a greater level of transparency within the report, both with there being a period one report and the openness around variances, savings risks, mitigations and other risks on the General Fund. However, the Cabinet Member expressed concern that the grant funding had been used within month one when it may have needed to be used later in the year.

The Interim Director highlighted paragraph 3.11 of the report and advised Members that budget holders had been instructed to remain within budget. Furthermore, it was noted that often people were cautious in month one and did not always share the good news but did share the bad news; as such the Interim Director advised that he expected it to get better.

The Cabinet Member for Homes (Councillor Patricia Hay-Justice) stated that the HRA recording an overspend of £2 million was not a positive sign and noted that table 4 of the report listed what had made up that overspend. Cabinet were informed that she had gone through that table with officers to understand the reason for the overspend and the mitigations which had been put in place. In terms of responsive repairs, the Cabinet Member stated that this had been due to immediate repairs at Regina Road and outstanding repairs from the previous year. In light of the overspend, the Cabinet Member queried whether the account for 2020/21 had been finalised and whether an underspend from that year could be transferred to 2021/22 accounts.

In response, the Interim Director advised that the outturn from the HRA had not yet been finalised but that he was expecting the figures later that week. Members were advised that the normal process would be for an underspend to be transferred to the HRA reserves and that it was for Cabinet to decide whether to then transfer that money to the HRA account for 2021/22.

It was stated by the Shadow Cabinet Member for Croydon Renewal (Councillor Jason Cummings) that one of the areas which had characterised financial reports in previous years was for departmental overspends to be balanced off by corporate items. Questions had previously raised on the matter and it had been found that the situation had remained the same throughout the year. Due to previous experience, the Shadow Cabinet Member stated that he was concerned that the papers reported departmental overspends being balanced by corporate items and that previous years had not seen departmental spend improving through the year, however suggested that he felt inclined to believe the answers being provided as they were being provided by officers and not politicians. In light of the concerns, the Shadow Cabinet Member queried whether the quarter one report would show a better picture in terms of departmental expenditure.

In response, the Leader noted that the report was unusual in terms of local authority reporting and was set to demonstrate the financial control

the council was seeking to establish. The Cabinet Member for Croydon Renewal stated that the concerns raised were sensible and valid, and were similar to the questions being asked by Cabinet in terms of departmental overspend. It was stressed, in response, that the Cabinet were determined to ensure accountability by working with officers to ensure everything was being done to deliver the budget, however it was recognised that setting a balanced budget and delivering the budget were two separate matters and there remained a number of unknowns. Such as unknown was whether the end of Covid-19 restrictions would take place on 21 June 2021 and whether actions to mitigate the impact would need to be put in place.

The Interim Chief Executive advised that there was a 100% commitment that the quarter one report would be open, honest and accurate. In terms of concerns, she advised that was anxious as to the impact of restrictions on income targets, however it was stressed that there was a culture being developed that should a department not achieve its income, or overspend then it absorb that within its budget.

The Cabinet Member for Croydon Renewal stated that upon reflecting on advice of the Interim Director that receiving a period one report was unusual due to volatility that can exist between months one and two, that he suggested that Cabinet review the need for the SCP for the HRA once the period two report was received. Furthermore, the Leader stated that mitigations be put in place for all budget pressures.

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

**RESOLVED:** To note

1. The General Fund is projecting a net nil variance as at Month 1. Service departments are indicating a £3.451m overspend with this being netted of against £3.451m underspend from a one off Covid Grant confirmed to Croydon Council for 21/22 by MHCLG as part of the Local Government Finance Settlement.
2. That a further number of risks and compensating opportunities may materialise which would see the year-end variance change and these are reported within Section 3 of this report. Should these risks materialise or the mitigations not be effective the Council could overspend by £3.659m.
3. The Housing Revenue Account (HRA) is projecting a £2.117m overspend for 21/22. If no further mitigations are found to reduce this overspend the HRA will need to drawdown funding from the HRA Reserve account.
4. The above figures are predicated on forecasts from Month 1 to the year end and therefore could be subject to change as forecasts are

refined and new and updated information is provided on a monthly basis. Forecasts are made based on the best available information at this time.

5. That whilst the Section 114 notice has been lifted a, the internal controls established as part of the S114, such as the Spend Control Panel remain. However, restrictions have been lifted for ring-fenced accounts such as the Pensions Fund, Housing Revenue Account and Coroner's Costs as these do not impact on the financial position of the General Fund. The Spending Control Panel which was set up at the beginning of November 2020 continues to meet on a daily basis.

84/21

### **Croydon Renewal and Improvement Plan - Performance Reporting Framework & Measures**

The Leader of the Council (Councillor Hamida Ali) reminded Members that one of the key actions from the Report in the Public Interest had been to develop a monthly performance, finance and risk reporting regime. A report had been considered at the April 2021 meeting of Cabinet and the report contained within the agenda provided an update of the work which had been completed since April 2021.

Members were informed that the intention was for the final version of the performance report to be received in September 2021; however it was stressed that it would remain an iterative process. Furthermore, Members were advised that the report was due to be considered by the General Purposes & Audit Committee and Scrutiny & Overview Committee to enable those committees to inform the work also.

The Leader highlighted that the report included monitoring of the delivery of projects and programmes, delivery against the Croydon Renewal Plan, risk reporting, organisational health dashboard and stress report which was hoped would facilitate discussions via an internal control board.

The Leader noted that there was a large amount of data being collected and that the volume was likely to increase as the reporting was developed further. In light of this, the Leader queried how Members and the organisation could review the data effectively. In response, the Director of Policy & Partnership (Gavin Handford) advised that the document was iterative and would continue to be developed. The report would be detailed and would support Members to undertake their roles, however dashboards would be included as introductions to different sections which would highlight specific areas.

The Cabinet Member for Communities, Safety & Business Recovery (Councillor Manju Shahul-Hameed) noted that at the previous Cabinet meeting a decision had been taken to establish a Citizen Panel and queried how this was being progressed. The Director of Policy & Partnership advised that a Key Performance Indicator would be

developed to enable Members to see the output of the decision to establish a Citizen Panel.

The Leader thanked the Head of Business Intelligence, Performance & Improvement (Caroline Bruce) and her team for all of their work in collating the report.

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

**RESOLVED: To**

1. Note the progress that has taken place with regard to the development of a suite of reports in order to improve the corporate offer.
2. Review the corporate performance and finance report (appendix A) as at 30 April 2021 with regard to KPI's, project milestones and projected savings against target, noting that this report is still in development stage.
3. Note that this report will be reviewed at General Purposes Audit Committee on the 10 June and Scrutiny and Overview Committee on the 15 June.

85/21

**Report in the Public Interest - Quarter 1 Update**

The Leader of the Council (Councillor Hamida Ali) noted that the report provided an update on work completed six months following the approval of the council's Report in the Public Interest (RIPI) action plan. It was noted that Cabinet had received an update in April 2021 and due to the report being considered that evening being more up-to-date it was recommended that the June 2021 report go to the Council meeting on 5 July 2021 instead. The previous report had advised that a third of actions had been completed and the Leader noted that this figure had increased to over half. 44 actions had been started but were still being worked through; nonetheless the Leader stated the report showed positive progress had been made within six months.

The Cabinet Member for Croydon Renewal (Councillor Stuart King) stated that he felt that the report evidenced a good degree of progress had been made but queried the progress on recommendation 20. Whilst it was noted that it was a complex and resource intensive piece of work a progress update was requested. The Interim Executive Director Resources (Asmat Hussain) assured Members that the task and finish group had been meeting regularly and were reviewing the full list of companies which were associated with the council. Members were advised that a report was due to be taken to Cabinet in July 2021 on the governance review of the companies and the current situation of those organisations.

It was suggested by the Leader of the Opposition (Councillor Jason Perry) that the pace of change within the council was not sufficient as there were a number of recommendations which had remained outstanding. In particular, concerns were raised in relation to recommendation 1.2 as it was queried how actions had been achieved if they had not been evidenced. Furthermore, he queried whether the Cabinet were providing any challenge.

In response, the Leader of the Council stated Cabinet Members were engaging with the reports, asking questions and were deliberating in public. Furthermore, it was stated they were challenging information to provide assurance to the public and communities.

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

**RESOLVED: To**

1. Note and agree the progress the Council has made in regard to achieving the recommendations set out by external auditor in the Report in the Public Interest (appendix 1) with 55 out of 99 actions complete;
2. Note the beginning of work to properly evidence what has been achieved so far and the intention to carry out an internal audit of actions delivered to provide full assurance to members and residents on the change achieved;
3. Agree the refreshed action plan for the recommendations including actions marked complete, new actions and amended deadlines; and
4. Agree that this updated report and action plan go to Full Council in place of the previously agreed April 12<sup>th</sup> Cabinet Report as it is more up to date.

86/21

**Addressing the costs of care and support for unaccompanied asylum seeking children and young people in Croydon**

The Cabinet Member for Children Young People & Learning (Councillor Alisa Flemming) informed Members that the report set out the issues facing the council in terms of addressing the cost of care and support for unaccompanied asylum seeking children and young people (UASC) in Croydon.

The Cabinet Member stressed that the borough was proud of the richness in cultural diversity within Croydon. Furthermore the council was proud of the support it provided to UASC; many of whom, it was recognised, had overcome great danger and adversity to come to the country. However,

given the location of the Home Office at Lunar House there was a national point of entry for UASC within the borough. It was noted that for many years Croydon had been forced to bear an extremely large proportion of the nation's costs for caring for those children and young people.

Members were advised that there were 458 young people in care and 322 care leavers in the borough and in addition there were the USAC, of which Croydon should have around 65 but the figure stood at 205. This had created substantial financial pressures which were estimated to be worth £7.6 million in 2020/21. It was recognised that the pressures were not new but were growing year on year due to the number of care leavers.

The Report in the Public Interest (RIPI) had acknowledged that the council had lobbied the Home Office on the issue of proper financial reimbursement and that whilst financial redress had been provided, it had not been sufficient.

The Cabinet Member further highlighted that the impact of the National Transfer Scheme, which was a voluntary scheme, had left Croydon with three times the number of asylum seeking children than the scheme suggested the borough should have. Furthermore, it was highlighted that around 50% of care leavers in the borough were asylum seeking young people.

Member's attention was brought to the budget forecast estimating a gap in excess of £13m from 2021 to 2024, despite the mitigations which had already been put in place. In light of the concerns highlighted in the report the Cabinet Member requested that Scrutiny consider the report.

The Cabinet Member highlighted that the report set out that the council reserved the right to take further action, should it be required, and noted that Kent County Council was challenging the Home Office on a similar matter as it was also struggling with the financial burden and to deliver services safely.

Thanks were given to the Interim Director of Improvement & Quality (Kerry Crichlow), the Interim Executive Director Children, Families & Education (Debbie Jones), the Interim Chief Executive (Katherine Kerswell) and the Improvement & Assurance Panel for all their work to try to address the budget gap. Additionally, the Cabinet Member thanked the 24 London boroughs who had agreed to relieve some of the pressure facing Croydon for a period of three months whilst a long term solution was formed.

The Leader of the Council (Councillor Hamida Ali) echoed the thanks to given to all those who had worked in the development report. The council was proud of the support it had provided but it was stressed that it was important that the authority was properly resourced. It was noted that the government's policy was underpinned by the National Transfer Scheme which was not working due to the voluntary nature. Whilst Croydon was



ready to continue to support young people; having established considerable specialism and expertise within the organisation; proper financial redress was required. The 24 London boroughs were thanked for their support, but the Leader highlighted that London was providing support disproportionately to the rest of the country and that a national solution was required.

The Cabinet Member for Resources & Financial Governance (Councillor Callton Young) stated his support for the report as it was integral that a solution was found which shared the financial burden that was experienced by the borough. Whilst the children and young people were welcomed, it was stressed that it was important that the council was able to support them properly and safely.

The work officer and the Cabinet Member were commended by the Cabinet Member for Croydon Renewal (Councillor Stuart King) as it was noted that it was an incredibly challenging position for the council. Whilst the financial pressures were significant, the moral duties to some of the most vulnerable residents of the borough were great. The Cabinet Member for Croydon Renewal queried whether there was an update on the accommodation strategy mentioned at paragraph 6.5 of the report. Caution was suggested by the Cabinet Member also in terms of paragraph 9.2 as it was noted that this could be perceived to be similar to the language by the council previously which had been criticised by Grant Thornton in the RIPI which had suggested that there had been an overreliance on lobbying government rather than working to drive costs down.

In response, the Cabinet Member for Children Young People & Learning stated that part of the rapid review had looked at the average costs for accommodation. The review had found that costs were on par, particularly for those in foster placements. Whilst the review had found there was value for money, the Cabinet Member stressed that the funding gap needed to be addressed to enable the delivery of service safely.

The quality of care provided by Croydon for its UASC residents was highlighted by the Interim Executive Director as an area she had always been impressed with, even when working elsewhere. Members were advised that the council cared for around three times the number of young people it should support if the national formula of 0.07% was taken into account. It was noted that this disproportionate number had a disproportionate impact on the council which could not be absorbed.

Members were advised that a significant amount of work had been undertaken, including financial modelling which evidenced value for money. Whilst the council were able to demonstrate the costs of USAC was less than local young people, the Interim Executive Director advised that when a council was caring for that volume of young people additional costs were incurred elsewhere in the system, such as foster care; most

asylum seeking children were cared for through in-house foster carers but that led to other young people being placed in independent foster care.

Members were advised that whilst a lot of work was being undertaken, such as within the Medium Term Financial Strategy, it was recognised more could be done. A report was being written which set out the additional pressures being borne due to the volume of care leavers and work had been undertaken with other boroughs in relation to the commissioning of placements.

The Cabinet Member for Culture & Regeneration (Councillor Oliver Lewis) noted that the young people being discussed were some of the most vulnerable in the world and the care for them often fell to Croydon when there should have been a national solution. The Cabinet Member called for the government to take responsibility and implement a proper system which meant the spread of young people was even across the country or properly resources councils, such as Croydon, to provide the care.

The Shadow Cabinet Member for Children, Young People & Learning (Councillor Helen Redfern) stated that she had previously requested a detailed breakdown of the costs the council was requesting, which she felt were missing from the report and so questioned the value of taking the report to consider at Scrutiny. It was noted that the Chair of the Improvement & Assurance Panel, Tony McArdle, had said that the council should not do more than it needed to and to that end the Shadow Cabinet Member stated that benchmarking on a per capita basis would be beneficial.

It was suggested by the Shadow Cabinet Member that should the council make a case to the government to reimburse the costs then it was important that the council was able to demonstrate that it was not part of the problem. The offer of the Panel acting as broker was welcomed, however the Shadow Cabinet Member suggested that Kent County Council was acting to resolve its situation itself and so queried why Croydon had taken a passive approach.

The Leader stated that it was unfortunate that the Shadow Cabinet Member had departed from the cross-party position held in Croydon that a solution to the issue was required. Furthermore, the Cabinet Member advised Cabinet that the Shadow Cabinet Member had been privy to the information she requested. It was stated that the matter had been discussed at meetings of the Corporate Parenting Panel, which the Shadow Cabinet Member was a member of, at scrutiny meetings and meetings of the General Purposes & Audit Committee. The Cabinet Member stressed that the information was in the public domain, however offered that should be further information required then the Shadow Cabinet should request the information directly.

It was highlighted by the Cabinet Member that there had previously always been a cross-party consensus on the matter and queried the

Shadow Cabinet Member's assertion that the council had been passive and stated that she felt that it should be embarrassing that a conservative council was seeking legal redress from the government. She called on the Opposition Group to join with the Administration to call for a long term solution and to write to Croydon South MP, Chris Philp, who was a Home Office Minister for a solution, such as financial redress or making the transfer scheme mandatory.

The Leader noted that the report reflected an important and complex situation in terms of the support provided to the most vulnerable people in the world. Whilst the council was proud of the support it had provided, it was stressed that the situation was not sustainable.

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

**RESOLVED: To**

1. Note the actions to secure support from central government and from London boroughs to relieve the disproportionate costs of care and support for unaccompanied children and young people incurred by the residents of Croydon.
2. Note the significant budget gap of £13.278 million forecast over 2021-24 despite the above actions.
3. Note the additional impact this will have on the council's borrowing from the government, including additional interest.
4. Recommend this report for review and challenge at the Scrutiny and Overview Committee.
5. Note that the council reserves the right to take further action to address the issues set out in the report.

87/21

**Autism Strategy**

Councillor Jerry Fitzpatrick noted that most people in attendance at the meeting were neuro-typical but that Croydon had a neuro-divergent community of around 10,000 residents. In development of the Strategy the council had listened to the voice of community in 2019 and undertook consultation in 2020.

It was stressed that it was extremely difficult for many within the neuro-divergent community to navigate the world created by neuro-typical people. That often led to neuro-divergent people living unnecessarily frustrated lives, suffering from unnecessary levels of physical and mental ill health and premature death. It was noted that training was an important theme within the Strategy as it was important that every neuro-typical person understood how to interact positively with neuro-divergent people.

Whilst Councillor Fitzpatrick stated that the Strategy was not world changing, he did stress that it was significant step in the upward journey of ensuring neuro-diversity in the mainstream agenda. Furthermore, it was noted that the development of the Strategy had been well received by the council's health partners and all those who had been involved in its development were thanked; including Nicky Selwyn and Kevin Oakhill.

It was highlighted that the Strategy was an all-age strategy but it was noted that there was a need for a national strategy also, which incentivised employers to hire and retain neuro-divergent workers and supported the neuro-divergent to set up businesses.

The next step, it was stated, was to develop an action plan which ensured the objectives outlined with the Strategy were taken forward by and Councillor Fitzpatrick called for the responsibility for implementing the Strategy be with the Executive Leadership team within the council to ensure change occurred.

Nicky Selwyn, Chair of the Autism Partnership Board stated that she felt the Strategy was a game changer as previously the closest Croydon had been to having any strategy had been a draft version in 2012. It was noted that Croydon were fortunate to have an Autism Inclusion Lead (Kevin Oakhill) who had supported the development of the Strategy.

It was highlighted that there were active and committed partners from health, mental health and various agencies which it was hoped would be active participants in implementing the objectives set out in the Strategy.

It was noted by Nicky Selwyn that it had been really positive that the voice of the neuro-divergent community had been integral to the development of the Strategy, with over 500 responses having been received. Members were advised that a working group had been established with the support of Councillor Fitzpatrick and the Autism Inclusion Lead which it was felt represented the community.

Nicky Selwyn stressed that it was important that the Strategy did not just get filled after approval, but was developed into an action plan and a means of monitoring progress would be established.

The Leader of the Council (Councillor Hamida Ali) highlighted Councillor Fitzpatrick's personal leadership in this area and welcomed the feedback on the partnership working which had taken place in the development of the Strategy.

The Cabinet Member for Children, Young People & Learning (Councillor Alisa Flemming) noted that the Autism Inclusion Lead had been a breath of fresh air in advising the council on how to deliver services to residents with an autism diagnosis and for supporting the development of such an

important Strategy. It was noted that the Strategy would have far reaching impact on how the council delivered services going forward.

It was noted by the Cabinet Member that the strategy was not a statutory duty but reflected the council's focus on equality and diversity for all residents in the borough.

The Cabinet Member for Families, Health & Social Care (Councillor Janet Campbell) thanked Councillor Fitzpatrick for his tireless work in leading the development of the Strategy. It was noted by the Cabinet Member that it was important that it was not just the Autism Partnership Board which ensure the delivery of the objectives and queried how the council would ensure the objectives were rolled out across the council. In response, the Interim Chief Executive (Katherine Kerswell) praised the work which had gone into the development of the Strategy and advised Members that should the Strategy be approved it would become council policy. It was noted that she had seen a large volume of support across partnerships for the Strategy and, as such, she felt confident that it would become integral to the work of not just the council but across the borough.

The Shadow Cabinet Member for Families, Health & Social Care (Councillor Yvette Hopley) thanked Councillor Fitzpatrick, Nicky Selwyn and Kevin Oakhill for their tireless work in developing the Strategy and for ensuring the neuro-divergent community were involved in its development. It was noted that the Strategy had been discussed at a number of health board meetings and had been well received by all.

It was highlighted by the Shadow Cabinet Member that it would be extremely important that the objectives within the action plan were part of the responsibility of the Executive Leadership to ensure that it succeeded. Furthermore, it was noted that others within the disability communities were envious of such a Strategy and the Shadow Cabinet Member sought assurances that further strategies would be developed to support them also. In response, the Leader suggested that such assurance could be provided at a future Council meeting due to the pressures of time and ensuring all items on the agenda were considered before the meeting guillotine.

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

**RESOLVED: To**

1. Endorse and approve for publication the Autism Strategy.
2. Note the approvals either received, or pending, from other partner organisations in the strategy.

3. Agree that minor future amendments to the strategy can be made by the Director of Commissioning in consultation with the Cabinet Member for Families, Health and Social Care.

88/21

### **Recommendations from the Croydon Climate Crisis Commission**

The Leader of the Council (Councillor Hamida Ali) noted that the Council had declared a Climate Change and Ecological Emergency in July 2019. All involved with the Croydon Climate Crisis Commission; including the New Economics Foundation (NEF) and Commission Members were thanked for their work in developing the report and recommendations.

The Cabinet Member for Sustainable Croydon (Councillor Muhammad Ali) began by thanking the Chair of the Commission (Miatta Fahnbulleh) and all at the NEF for their work. It was stated that the council was committed to taking action on climate change and welcomed the Croydon Climate Crisis Commission (CCCC) report, and it was further noted by the Cabinet Member that the council's commitment to tackling climate change was not new as many initiatives had been in place for some time.

It was stated by the Cabinet Member that the council were committed to producing a costed delivery plan and to start working on recommendations within the report through existing funding sources. It was noted that the Commission had been established prior to the start of the pandemic and CCCC had been required to work during challenging to develop its report.

The recommendations in the report, the Cabinet Member informed Members would be integrated into all of the work of the council and the council would seek to call upon partners to intensify their work also to deliver tangible mitigations to tackle climate change.

The Chair of the CCCC thanked all of the Commissioners for the huge amount of time and effort which was put into developing the report. It was reported that everyone involved understood their task was to develop practical recommendations for delivering a step change transition to net zero which built upon the work which had already been undertaken by the council and borough.

It was stated that it was felt that it was clear that simply transitioning to net zero was not enough and that a pathway to a green economy which created jobs and improved living standards was required. To that end, the Chair of the Commission advised Member that the report sought to provide practical steps which were felt to be deliverable, ambitious and tangible.

Three core areas had been identified; the first of which was ensuring understanding of the baseline in place so the council could track the trajectory of change. It was noted that this work was not just for the council to undertake but would require large levels of engagement across

the borough and with partners to develop a clear picture of the challenge and shared endeavour. Furthermore, it was highlighted that there was the need to ensure there was clear accountability, responsibility and oversight of the work.

It was noted that there was clear action in terms of the green recovery as the previous 18 months had a dramatic impact on the local economy. It was reported that the CCCC felt that there was an opportunity to think about a medium term plan to identify green jobs which were aligned with upskilling and training local people and develop low carbon jobs.

The third area identified was in relation to greening neighbourhoods, including low traffic neighbourhoods and renewable energy and ensuring all partners and local businesses were engaged to ensure the work was a shared endeavour. It was stated that there was huge piece of work in relation to public engagement in terms of ensuring people understood the scale of the challenge and their role in making a change.

The Chair of the Commission highlighted that it was important to achieve the scale of change required. It was noted that the change required was a challenging task for the council to deliver and that there was need for action both regionally and nationally; whether through funding or investment in affordable public transport.

It was recognised that there was no solution which would solve the issue, but that it was hoped that the report provided some tangible first steps for the council to consider and implement to transition to net zero.

Ian Morris, a Commissioner from the CCCC thanked the council for declaring a climate and ecological emergency in 2019 and for setting up a Citizens Assembly and the Commission. It was noted that Covid-19 had impacted the work of the Commission in terms of timing but also in terms of engagement as the engagement work undertaken was limited due to the pandemic.

It was highlighted by Mr Morris that the council could not tackle the crisis alone and it would require a collective act across all sectors, stakeholders and would require lobbying at both a regional and national level, but that it did have a unique role in both reducing its emissions and influencing partners to reduce theirs.

It was suggested the council look at organisations like Ashden, which had a sustainable towns and cities programme which supported local authorities. Furthermore, Friends of the Earth and the Grantham Institute were highlighted as organisations the council could engage with.

The need for accurate and comprehensive measurements of emissions to produce a baseline to understand the trajectory of emissions. It was noted consumption based emissions were often three times higher than

production based emissions and that it was important that this was recorded also.

Mr Morris stated that he felt that it was important that the council did not just consult but engaged with people so that solutions could be developed rather than initiatives being imposed which were top down. It was stressed that any action needed to be done in partnership with all stakeholders.

It was stressed that the climate and ecological crisis was happening at an accelerated rate and Mr Morris noted that it had been described as the greatest challenge faced by humanity and the biggest threat to humanity's continued existence. It was stated that it had been almost two years since the Emergency had been declared, but Mr Morris felt that the council had not taken enough action to deal with the crisis and compared it to the action to tackle Covid-19. Concern was raised that there had not been sufficient engagement from Members from either party in the work of the Commission and concluded that it was integral that there was leadership both centrally and locally to tackle the crisis facing the planet.

The Cabinet Member for Communities, Safety & Business Recovery (Councillor Shahul-Hameed) thanked the NEF and all the Commissioners for their work and continued support. It was noted by the Cabinet Member that the council had some ambitious plans, including creating green jobs and upskilling local residents. Croydon had previously hosted an Innovation Network conference to discuss giving priority to community wealth building, however the Cabinet Member noted that there were challenges in terms of financial circumstances and staffing which meant developing partnerships would be integral to the success of any plan going forward. As such, the Cabinet Member queried how the Commission could support the council to identify the right partners who could bring in external funding to delivery some of the recommendations which had been identified by the CCCC.

In response, the Chair of the Commission suggested the council should not underestimate what it and other anchor institutions could achieve if all worked towards a green economy. It was stated that mapping the flow of resources would be a first step to understanding how to prioritise areas such as the creation of green job, upskilling or greening the economy. Once that had been undertaken, the Chair of the Commission suggested that the council could look to build a partnership which would require leadership to begin the conversations, develop processes and deliver collective outcomes. Furthermore, it was stated that the council would need to begin working with businesses to coordinate and pull together resources. Mr Morris added that it was critical for the council to network, research and learn from other authorities.

The Cabinet Member for Culture & Regeneration (Councillor Oliver Lewis) queried how residents could help shape the implementation of the



recommendations and how the council intended to work with communities to achieve the borough's green objectives.

In response, the Cabinet Member for Sustainable Croydon noted that the report not only looked at making the borough greener but also sought to tackle poor health quality due to pollution, address poverty and ensure all residents experienced the health and economic benefits from tackling climate change. It was recognised that building trust with residents was central to the success of tackling climate change and the Cabinet Member stated the council would work with and communicate with residents to build a coalition to implement the recommendations collectively. It was noted that funding for tackling the climate crisis would be a challenge as there was limited local funding available, as such the Cabinet Member suggested that they would be called on the government and the GLA (Greater London Authority) to ensure appropriate funding was made available.

It was noted by the Cabinet Member for Homes (Councillor Patricia Hay-Justice) that it was important that everyone ensured that they lived sustainable lives for future generations. 17 millions homes were identified as living in fuel poverty which was a significant issue, some of whom were living in social housing. The Cabinet Member stated that it was important that the council sought to encourage residents to take on initiatives, such as ground source heat pumps to support them. In terms of private homes, the Cabinet Member queried whether the council would lobby the government for an initiative that would support homeowners to implement green technologies in their homes.

The Cabinet Member for Sustainable Croydon stated that Croydon was part of an effort to address fuel poverty and had written to 7,000 homeowners to inform them of the grant funding which was available to improve energy efficiency in their homes. More information on the grant funding for insulation and greener forms of heating was available would be shared as it was available, not just for social housing but for private homes also. In terms of ground source heat pumps, the Cabinet Member highlighted that this was not only reducing the carbon footprint but also saved residents £400 a year on heating bills.

The Chair of the Commission highlighted that the government had ended the Green Homes Grant as it did not work as intended. The element of the scheme which had worked would likely be transferred to local government to deliver. It was felt that this was an opportunity for the council to retrofit homes which would support delivering recommendations

The Cabinet Member for Croydon Renewal (Councillor Stuart King) noted that carbon emissions could be reduced and tangible benefits, such as warmer homes and tackling fuel poverty, could be realised by reducing fuel costs. The Cabinet Member welcomed recommendations from the Commission informing plans in areas such as economic renewal, housing and transport as he felt that they should inform all areas of council work. It

was further stated that Members would be looking for examples and evidence that sustainability had been at the heart of the council.

Paragraph 12.5 was noted by the Cabinet Member as it stated that the council would not make any further reductions to car parking spaces, whereas he felt there would be but that the council would need to be mindful of how it implemented change. It was highlighted that government funding had been received for the introduction of a segregated cycle land on London Road, additionally cycle facilities had been introduced across the borough. It was felt that it was reasonable trade to provide parking for six bikes for one car parking space. The Cabinet Member concluded by suggesting that a timetable of activities be developed by autumn 2021 to be considered by Cabinet in November 2021.

The Cabinet Member for Resources & Financial Governance (Councillor Callton Young) stated that he had previously worked on a sustainability plan for the food and drink industry and the means of its success had been the wins for the businesses. With this in mind, he queried whether the report looked at the “win win” opportunities which didn’t require any expenditure but required behavioural change. In response, the Chair of the Commission stated that she didn’t feel enough had been made of those opportunities. Some of the work would be about utilising resources in a slightly different way and shifting behaviours which would be a “win win”. It was felt that this should be front and centre when launching the campaign, furthermore it was suggested that it should be framing it as an opportunity as opposed to a challenge.

The Deputy Cabinet Member for Sustainable Croydon, Culture & Regeneration (Councillor Patsy Cummings) queried how the council planned to engage with the Citizens Assembly to gather feedback and to help shape the action plan. Furthermore, it was highlighted that all communities needed to be engaged with as it was noted that it was often the poorest communities who were most impacted by climate change and it was vital that their voices were heard.

In response, the Cabinet Member for Sustainable Croydon recognised the Citizen Assembly had been representative, however it was felt that after meeting with the Chair and CCCC there was a need for the discussions to continue and for them to be open and honest. It was further felt that there was an opportunity to engage with the younger population of the borough and to build upon the engagement which was already taking place. Mr Morris added that ideally there would be citizen assemblies across the borough to engage with people and have people which reflected the whole borough involved in developing plans.

The Shadow Cabinet Member for Sustainable Croydon (Councillor Scott Roche) thanked the Chair of CCCC and Commissioners for producing the report under difficult circumstances. He stated that it was right that the council needed to take a more serious approach to improving the local environment and air quality, and that he agreed with the suggestion for a

high profile campaign with schools to change the attitudes of younger generations for a long term shift in attitude.

It was noted by the Shadow Cabinet Member that the council had committed to plant 3,500 trees before 2023 but due to the council's financial situation the tree planting capital programme had been withdrawn. It was understood the council was relying on external funding to continue the programme. Questions were asked as to how many trees has been planted before the capital programme had been stopped.

The Shadow Cabinet Member further asked what the Cabinet's position was in relation recommendation 23 of the Commission's report and whether it was committed to adopt such a scheme as it was suggested that the council's approach to improving air quality had been what he referred to as a stealth tax on local communities.

In response, the Cabinet Member for Sustainable Croydon confirmed that it remained a commitment of the council to plant trees and where there was a deficit in funding then the council sought external funding. He stated that he was confident that external funding would make up the loss in capital monies. In terms of the number of trees planted, the Cabinet Member committed to provide those figures to the Deputy Cabinet Member, but stated that he understood that there was not a huge gap between the number planted and the target.

In terms of recommendation 23 from the Commissioner's, the Cabinet Member stated that the recommendations had been from an independent body and the council would review all recommendations. It was stressed that it was important to engage with residents to support creating solutions and to ensure they understood the benefits of some of the changes being asked of them.

The Cabinet Member concluded by stating that he hoped that this work would be supported on a cross-party basis.

The Leader of the Council thanked the NEF and CCCC for all their work and for joining them at the meeting and suggested a further report be taken to the November 2021 meeting of Cabinet.

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

**RESOLVED: To**

1. Welcome the report and recommendations of Croydon Climate Crisis Commission and record the Council's thanks to the Commission and the New Economics Foundation for their thorough and committed work in challenging circumstances.

2. Note the actions the Council has already taken to combat climate change.
3. Note that a detailed, costed delivery plan will be developed in autumn 2021 to implement the Commission's recommendations, provided that this can be done within the Council's existing budget or utilising external funding resources.
4. Note that a copy of the Climate Crisis Commission report will be shared with the Chairs of relevant Council Committees to consider how their committee work can support the Climate Crisis work undertaken by the Council.

89/21

### **YourCare (Croydon) Options Appraisal**

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

The Cabinet (acting, where relevant, on behalf of the Council exercising its functions as sole shareholder of YourCare (Croydon) Ltd) **RESOLVED:**  
To

1. Note the Shareholder review reports of YourCare (Croydon) Limited included in the background documents to the report.
2. Agree to closing down the activities of YourCare (Croydon) Limited. The company will cease trading and all assets to be settled in accordance with the liquidation process.
3. Agree to the appointment of an authorised insolvency practitioner as liquidator to take charge of liquidating the company.
4. To note as a result of the closing down of YourCare (Croydon) Ltd, the Council, as the company's only creditor, will write off the accumulated trade debts of £189k and the loan of £81k including interest (total £11k) to the extent that these debts are not recovered as part of the liquidation process (as further explained in paragraph 6 of the report).
5. Delegate authority to the Interim Executive Director of Resources, in consultation with the Interim Director of Finance, Investment and Risk, and Interim Director of Law & Governance, to do all things necessary for the purpose of giving effect to the above recommendations, including acting as shareholder to complete relevant shareholder resolutions and give direction to the company.

90/21

### **Crystal Palace and South Norwood Low Traffic Neighbourhood**

The Chair of Scrutiny & Overview Committee (SOC) (Councillor Sean Fitzsimons) introduced the call-in referral report at agenda item 11a of the

agenda. It was noted that the report set out the original reason for the call-in. Members were informed that the Committee had reviewed all of the information presented to the Cabinet Member when the original decision had been made and had raised a number of concerns in relation to the proposal, but had not objected to the proposal.

The Chair of SOC stressed that Members of both political parties had raised concerns during the meeting which had enabled robust discussion of the decision made by the Cabinet Member. It was felt that the Committee had weighed up the evidence, listed to the concerns and evidence of residents who were both for and against the scheme, and considered evidence from councillors and an officer from Bromley Council when reaching its conclusion in referring the concerns to Cabinet.

The Cabinet Member for Sustainable Croydon (Councillor Muhammad Ali) introduced the report at agenda item 11b and noted that it was complicated and sensitive scheme. Members were informed that the original key decision had been taken in February 2020 following consultation with the Traffic Management Advisory Committee (TMAC) and was then considered by SOC in March 2021 when the decision was called-in. The Cabinet Member reported that the decision of SOC was to refer the matter to Cabinet to decide whether to amend the decision before the final decision was made.

Members were advised that all the documentation required to make a final decision was included within the agenda pack, however the Cabinet Member drew Members attention in particular to the report at 11b of the agenda and paragraph 2 which contained additional information which was provided to TMAC in February 2021; which the original decision was based on. It was noted that since then both the Department for Transport and Transport for London (TfL) had updated their guidance, as at paragraph 2.1 and 2.5. Additionally, the Cabinet Member highlighted that research had been published by NHS Digital in May 2021 and University College London on air pollution, which was set out at paragraphs 2.3 and 2.4.

The report at 11b of the agenda it was noted contained the concerns raised by SOC and the department's detailed responses to those concerns which the Cabinet Member felt allayed the concerns raised. It was further stressed by the Cabinet Member that the decision before Cabinet related to an Experimental Traffic Order and not a permanent one which would be a future decision.

It was emphasised that the decision before Cabinet was a very contentious matter which was finely balanced. The Cabinet Member noted that there were individuals were in support of the proposals and others who were against. It was stressed that it was important that all views were listened to and Members recognised the far reaching implications for many people. Members were advised that a public consultation had taken place in 2019; the results of which were presented to TMAC. Furthermore,

there were opportunities for members of the public to present their views, both for and against, at TMAC and SOC meetings.

It was noted that no additional submissions had been received as a result of the publication of reports in the Cabinet agenda, however an email had been received by the Cabinet Member from Ellie Reeves MP. In response, the Cabinet Member advised that prior to the meeting of TMAC in January 2021 letters had been received from both Steve Reid MP and Ellie Reeves MP calling for the Temporary Low Traffic Neighbourhood (LTN) to be removed and for the council to not proceed with the recommended Experimental LTN. Members were informed that the content of the letters had been outlined with officer verbal introduction to the report at the meeting and that both letters were considered as part of the Cabinet Member's decision and were appended to the key decision notice in February 2021. These letters were available at appendix 3 of item 11a of the agenda. Members were advised that Ellie Reed MP had written to the Cabinet Member, Chief Executive and Leader of the Council the prior week to reiterate her points made in January 2021 and to call for the removal of the Temporary LTN.

Additionally, the Cabinet Member advised Members that he had received a further submission from Open Our Roads. This submission, it was stated, provided a snap shot analysis of bus journey times on the Route 75 in one direction. In response, the Cabinet Member suggested Cabinet should rely on the fully analysis of the iBus data undertaken by TfL which was appended to the January 2021 TMAC report.

The Cabinet Member concluded by stated the proposed Experimental LTN was a trial implementation of the Mayor of London's Healthy Streets Approach was being implemented across the Capital which was an approach to making quieter, calmer space in which people could choose to travel actively for their own health, that of their community and that of the planet.

The Cabinet Member for Homes (Councillor Patricia Hay-Justice) noted that it was a sensitive and contentious issue which balanced environmental benefits and grievances with some parts of the community. To that end, the Cabinet Member queried whether it was felt that consultation had been adequate. In response, the Cabinet Member for Sustainable Croydon stated that had the council been permitted to continue the process of developing health school streets, as outlined within the Local Implementation Plan, a similar experiment may have been proposed following a long period of consultation. However, Covid-19 had impacted that work. It was highlighted that in May 2020, the Secretary of State for Transport had called on local authorities to create spaces which allowed social distancing exercise and enable people to avoid public transport and reduce car usage but utilising Temporary Traffic Orders which did not require consultation. The Cabinet Member highlighted that the proposed scheme responded to many of the concerns raised by residents; including improved access for residents of the area

and to Auckland surgery. It was stated that the recommended proposal would enable the council to undertake focused research. As such, the Cabinet Member felt that an Experimental Traffic Order would enable greater engagement with the local population.

The Leader of the Council (Councillor Hamida Ali) queried how the council would learn from the experience of taking the scheme from a Temporary to Experimental LTN which would inform other schemes within the borough. The Cabinet Member confirmed the council were learning from the implementation of the schemes. It was stressed that the scheme considered had been implemented during a pandemic based on legal advice at the time, but that the council had learnt from that and the need to engage with people. It was stressed that schemes were developed in accordance with legal advice and legislative requirements, but anything above those requirements which would support building trust within communities would be implemented in future schemes.

It was noted by the Cabinet Member for Families, Health & Social Care (Councillor Janet Campbell) that the first concern of SOC related to the baseline information; however the technical responses suggested that the ending of Covid-19 restrictions would enable monitoring to be undertaken prior to the implementation of an Experimental LTN, which would provide a new baseline. Given the potential delay for the end of restrictions, the Cabinet Member queried the delay would be problematic for the development of the baseline data.

In response, the Cabinet Member stated that should the decision be taken to proceed to an Experimental LTN then there was substantial work to be undertaken; not least with Bromley Council. It remained the hope of the council that Bromley would work with Croydon and TfL to monitor the implementation of the scheme and mitigate any impact of their residents. Furthermore, it was noted that it would take time for people's behaviours to settle down once more post lifting of restrictions. As such, the Cabinet Member did not feel that an extension of restrictions would impact the scheme and development of baseline data.

The Cabinet Member for Croydon Renewal (Councillor Stuart King) noted that it was intended there would be an exemption of licensed taxis and queried whether this would be for black cabs only, or all licensed vehicles. Furthermore, he queried how the valid exemption permit would be reviewed and assessed to ensure the right vehicles were given exemptions. It was noted that at paragraph 2.24 that further equalities analysis was required, and the Cabinet Member queried with who and how the focused engagement would take place. The Cabinet Member for Croydon Renewal further stated that an area that he had reflected on had been in terms of displacement and noted that mitigations were to be put in place.

The Head of Strategic Transport (Ian Plowright) confirmed the matter of exemptions for taxis had been picked up at the TMAC meeting in

February 2021. Members were advised that exemptions for black cabs were fairly straightforward but that private hire vehicles were more difficult. Officers would look to work with TfL and across London to identify those vehicles. In terms of the equality analysis, the Head of Strategic Transport advised that it was an iterative piece of work and that it was hoped that with the lifting of restrictions further analysis could be undertaken to truly understand the issues in relation to air quality and equality.

Councillor Leila Ben-Hassel noted at the SOC meeting the matter of liaising with companies such as Google Maps was raised as it was noted that it was important that software was updated to reflect temporary road closures. Furthermore, the importance of signage was raised. In response, the Head of Strategic Transport advised that the local authority informed owners of the underlying master maps of any changes which was then reflected in apps. The issue it was noted was that apps may redirect drivers down inappropriate roads, which was one officers alone could not tackle but would require work across London to find solutions.

In terms of signage, Members were advised that the council was required to follow regulations in the implementation of signage to warn drivers of restrictions ahead but that it was kept under review and the council listed to public feedback. However, the Head of Strategic Transport advised that for the scheme to be truly effective that signage would also be implemented in roads in Bromley also.

In response to queries in relation to exemptions for blue badge holders, the Head of Strategic Transport advised that the report to February 2021 TMAC meeting had included the proposal for a scheme which mirrored the Congestion Charge scheme which enabled an application for up to two exemption permits.

The Shadow Cabinet Member for Sustainable Croydon (Councillor Scott Roche) raised concerns in terms of the data used within the report as the car traffic survey data had been collected between May and August 2020; during the pandemic when car usage, it was stated, irregular due to national restrictions which were in place. Furthermore, it was queried where the evidence and baseline data was which showed improve air quality rather than traffic dispersal only. Queries were further asked by the Shadow Cabinet Member in terms of how the concerns of dispersal was being mitigated.

Concerns were raised by the Shadow Cabinet Member that the business responses were low as only 47 of 330 businesses had responded to the consultation and some responses had been rejected due to an incorrect code. Additionally, it was queried how many of the businesses were truly open to respond due to the lockdown restrictions. It was highlighted that businesses needed the support of the council, especially at that time, when the country remained under restrictions and was recovering from the pandemic.



It was felt by the Shadow Cabinet Member that the report was disingenuous to suggest that a 25% response rate was not representative enough of the community when often that was the rate that local councillors were elected on. It was further noted that the local MP had raised a similar point. It was felt that there was clear opposition to the scheme and a lack of evidence of sustainability; as such the Shadow Cabinet Member queried why the Cabinet was pursuing the implementation of an Experimental LTN.

The Cabinet Member for Sustainable Croydon noted that that Shadow Cabinet Member had recently been appointed to his post and urged him to read all of the papers and watch the webcasts of the TMAC and SOC meetings to answer the questions posed. It was felt by the Cabinet Member that all of the questions had previously been answered in detail and had been given full consideration.

It was stressed by the Cabinet Member that the Department for Transport had encouraged the implementation of schemes. Additionally it was stated that it was important to hear from all in the community, including those who had not engaged with the consultation process; as such it was not a referendum but a consultation.

The Leader of the Opposition (Councillor Jason Perry) expressed concern that it felt that the Cabinet Member was patronising Members who had read all of the papers. Concerns were raised that it appeared the council's approach was that residents must understand an approach rather than encourage engagement with the community. It was stated that there was a balance to be made between the socio-economic impacts and the environmental benefits of schemes, and the Leader of the Opposition queried how the council was assuring residents and businesses that the balance between the two was being assessed.

In response, the Cabinet Member stressed that it was the council's commitment to work with residents to ensure schemes were implemented in consultation and full cooperation of the residents of the borough. The Cabinet Member noted that the scheme had been considered by TMAC twice, SOC and was being considered by Cabinet; which it was felt was evidence that the council was ensuring that every element was being considered before a final decision was made.

The Leader of the Council endorsed the Cabinet Member's comments in terms of the level of deliberation that had taken place in relation to the scheme.

Cabinet confirmed that it did not wish to amend the decision that had been taken by the Cabinet Member for Sustainable Croydon in February 2021, and that the final decision remained unchanged from the decision taken by the Cabinet Member for Sustainable Croydon in February 2021.

91/21

**Call-in Referral to Cabinet: Crystal Palace & South Norwood Low Traffic Neighbourhood**

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

**RESOLVED:** To

1. Receive the referral made by the Scrutiny & Overview Committee following its consideration of a call-in request made on the key decision on the Crystal Palace and South Norwood Low Traffic Neighbourhood;
2. Reconsider the Original Decision taken by the Cabinet Member Sustainable Croydon (see paragraph 2.2 of the report for details), in light of the concerns raised by the Scrutiny & Overview Committee and other relevant information listed at paragraph 3.2 of the report; and
3. Confirm that the final decision remain unchanged from the decision taken by the Cabinet Member for Sustainable Croydon on 23 February 2021 (decision can be viewed at Appendix 3 of item 11a of the agenda).

92/21

**Response to Call-In Report: Crystal Palace & South Norwood Low Traffic Neighbourhood Response to Concerns of the Scrutiny & Overview Committee**

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

**RESOLVED:** To consider the report in light of the decision at minute number 90/21 and the concerns of the Scrutiny and Overview Committee set out within the report at agenda item 11a.

93/21

**Investing in our Borough**

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

**RESOLVED:** To note

1. The request for approval of the Best Start Suite of Contracts extension period of 4 months as set out at agenda item 12a and section 5.1.1 of the report.
2. The contracts between £500,000 and £5,000,000 anticipated to be awarded under delegated authority from the Leader by the nominated Cabinet Member, in consultation with the Cabinet Member for Resources and Financial Governance and with the

Leader in certain circumstances, before the next meeting of Cabinet, as set out in section 5.2.1 of the report.

3. The list of delegated award decisions made by the Director of Commissioning and Procurement, between 07/04/2021 – 27/05/2021, as set out in section 5.2.2 of the report.

94/21

### **Variation to extend Best Start contracts**

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

**RESOLVED:** To approve the variation of the Best Start contracts by up to a further 4 months (1<sup>st</sup> September to 31<sup>st</sup> December 2021) in accordance with Regulation 30 of the Council's Contracts and Tenders Regulations for an overall maximum contracts value of £589,000, made up of:

- Eight, Best Start Children's Centres with contracts/SLAs to four academies and five maintained schools. Four month extension value £445,000
- Five, Community, Parenting Aspirations and Parenting Skills contracts (covering 6 Lots). Four month extension value £123,000
- One, Parent Infant Partnership contract. Four month extension value £21,000

95/21

### **Exclusion of the Press and Public**

This item was not required.

The meeting ended at 9.32 pm

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**For General Release**

<b>REPORT TO:</b>	<b>CABINET 12<sup>th</sup> July 2021</b> <b>COUNCIL 11<sup>th</sup> October 2021</b>
<b>SUBJECT:</b>	<b>Ongoing Review of Brick by Brick Croydon Ltd and the future of the company</b>
<b>LEAD OFFICER:</b>	<b>Katherine Kerswell – Interim Chief Executive</b> <b>Chris Buss - Interim Director of Finance , Investment and Risk</b>
<b>CABINET MEMBER:</b>	<b>Councillor Hamida Ali - Leader of the Council</b>
<b>CORPORATE PRIORITY/POLICY CONTEXT</b>	
Delivery of the Croydon Renewal plan, to minimise the financial impact to the Council of Brick by Brick Croydon Ltd and to resolve the future of the company.	

<b>FINANCIAL IMPACT</b>
<p>This report considers the future of Brick by Brick Croydon Limited (Brick by Brick) and recommends that the offer from the bidder be rejected and that Brick By Brick builds out 23 of the 29 sites in its ownership and returns the other 6 sites back to the Council for sale.</p> <p>The impact of the decision means that the Council may need to write off a portion of the outstanding loan to Brick by Brick estimated at between £25.6 million and £52.7 million depending upon the performance of the company during the period in which the build out (and consequent sales) are completed. These costs will be offset in part by capital receipts arising from sites which may be sold following initial design work undertaken by Brick by Brick. This debt write-off may increase revenue capital financing costs by up to £1.85 million p.a dependent upon the level of loan written off.</p> <p>There will be one-off revenue costs estimated at £160,000 arising from this proposal.</p>
<b>FORWARD PLAN KEY DECISION REFERENCE NO.: 3321CAB</b>
<p>The notice of the decision will specify that the decision may not be implemented until after 13.00 hours on the 6th working day following the day on which the decision was taken unless referred to the Scrutiny and Overview Committee.</p>

<b>1. CABINET RECOMMENDATIONS</b>
<p>The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below.</p> <p>Cabinet is recommended (acting, where relevant, on behalf of the Council exercising its functions as sole shareholder of Brick by Brick Croydon Ltd) to:</p>
<p>1.1 Reject the offer for the purchase of Brick by Brick (Croydon) Ltd.</p> <p>1.2 Agree that a modified build out scenario of 23 sites will be implemented and to</p>

note that in order to deliver that, Brick by Brick will require additional management and technical support, the costs of which are factored into the costs shown in this report and as further consequence of this decision that Brick by Brick will return 6 sites to the Council on the basis that they will be marketed for sale (and on the basis that site ownership will either remain with Brick by Brick or transfer to the Council, whichever is most efficient for maximizing value or the efficiency of the sale process).

- 1.3 Agree that the decisions made under this Report shall take effect as amendments to the current Business Plan of Brick by Brick (and as a shareholder decision under the Articles of the company). In addition, and also as shareholder, the Council will require Brick by Brick to issue monthly reports to the Council to update on its financial position, progress with development of sites, sales, any key contractual issues and any other relevant matter (as needed). Such reports are to be presented to the Cabinet on a quarterly basis.
- 1.4 Confirm that, in accordance with the February Cabinet report, sales receipts may continue to be recycled by Brick by Brick and agree that the S151 Officer, in consultation with the Chief Executive and Monitoring Officer be given authority to approve those ad-hoc sales receipt recycling requests from Brick by Brick, up to a total amount of £5m in any one transaction and following the terms of the consolidated loan agreement, reporting on a quarterly basis to Cabinet.
- 1.5 Delegate authority to the Section 151 Officer, in consultation with the Chief Executive and Monitoring Officer, to make any necessary formal shareholder resolutions in order to give effect to the above recommendations and to authorise the entering into any of the necessary formal legal documentation that arise as a consequence (including (i) to confirm the appointment of consultants to provide the necessary additional management and technical support, and (ii) in respect of the sale of the 6 sites, as are referred to in recommendation 1.2).
- 1.6 Delegate authority to the Section 151 Officer, in consultation with the Chief Executive and Monitoring Officer, to vary the loan agreement in respect of the sites returned to the Council sites (subject to SDLT and various other tax advice) and with any such modifications being reported in the quarterly report to Cabinet.
- 1.7 Otherwise note the progress made with regard to Brick by Brick.
- 1.8 To thank the Improvement and Assurance Panel for their advice and support in the production of this report.

### **COUNCIL RECOMMENDATIONS**

- 1.9 Council is asked to note the recommendations set out above, which were considered by Cabinet on 12th July 2021 and that Council shall receive a verbal update in respect of the outcome.

## **2. EXECUTIVE SUMMARY**

- 2.1 This purpose of this report is to receive and note the proposal for the future of Brick by Brick and considers the evaluation of the three options decided by Cabinet in February 2021 namely a partial build out, a full build out or possible sale of the company. The Council has continued to engage PwC to undertake financial work and engaged Savills to undertake additional technical and professional due diligence. In light of the now urgent need to make decisions and take forward the recommended course of action, none of the other options previously considered (e.g. seeking market offers for the company) remain valid and do not merit re-consideration.
- 2.2 The partial build out option was intended to be a build out of sites until October 2021 and then a novation of existing sites to a developer to complete. The fact that six sites are not yet under contract means that if these were started now, considerably more sites than originally envisaged would require novation.
- 2.3 Advice has been taken from Savills (as independent property consultants with relevant experience) and they advise that the assumptions made on cost recovery on novation are optimistic and that novation itself may be difficult to undertake. In the light of this professional advice, this partial build out option is not now recommended in that form.
- 2.4 The full build out option was originally envisaged to be all 29 sites. However, 6 sites are not at present under formal contract. As the value of the 6 sites is close to the estimated net revenue from those sites, it is proposed to return those sites to the Council for sale (either by way of a land transfer back to the Council or by other means which maximise value and enable an efficient sale process). This option is in effect now the partial build out option without novation. It is currently forecast that the remaining 23 sites will be completed by February 2023 but that unit sales will extend beyond that date. It is estimated that 22 of the sites will be completed in the current financial year. This will require Brick by Brick to engage additional management and technical support which has been costed into the financial impact. This option will involve the Council incurring additional direct costs estimated at £100,000 in 2021/22 and £60,000 in 2022/23. Based on the modelling undertaken, the net loan written off with this option will be between £26.6 million and £52.7 million excluding any land value which may accrue to the Council.
- 2.5 In the sale option the loan write offs would be between £54 million and £68.4 million. As will be explained further in the report, this option is not recommended.
- 2.6 Upon conclusion of the process recommended under this report, Brick by Brick will have delivered 774 residential units in the Borough.

### **3. UPDATE ON THE REVIEW**

#### **Background**

- 3.1 The Cabinet at its meeting on the 18<sup>th</sup> February 2021 received a report on the way forward on Brick by Brick and agreed a number of specific recommendations concerning Brick by Brick.

These were in summary to:

- a. 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.
- b. 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),
- c. 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);
- d. Agree for the Council to review those sites Brick by Brick propose not to develop and to receive a future report to Cabinet on the potential use and future of each site
- e. Approve that the Council's Housing Revenue Account (HRA) can acquire residential units from Brick by Brick as part of this review.

### **Update on Options.**

- 3.2 Following the Cabinet decision in February 2021, the Cabinet considered at its meeting on the 17<sup>th</sup> May 2021, actions concerning Fairfield Halls and the purchase of social rented units. It also noted the agreement of a revised loan agreement between the Council and the Company. It was also reported that a bid had been received from a single bidder for the company, and that a best and final offer was received from the bidder on April 19<sup>th</sup>.

Due diligence has subsequently been undertaken on that bid both with regards to the company making the offer but also on whether the bid reflects what might have been receivable if the Council had marketed the opportunity to acquire Brick by Brick. Unless otherwise mentioned, all costs and values are based on cash flows produced by Brick by Brick as at March 2021.

### **The Bid**



- 3.3 The February 2021 Cabinet report detailed the fact that the Council had received an unsolicited expression of interest for the purchase of Brick by Brick. Cabinet agreed to proceed with exploring this offer alongside the other options as explained in this report. The expression of interest has materialised into an offer. As part of the bid and offer process the Council granted the bidder a period of exclusivity to enable them to have a degree of comfort whilst they invested in the initial due diligence on Brick by Brick. The detail of the offer is contained in the restricted agenda.
- 3.4 The Council has undertaken both independent financial due diligence on the bidder and independent technical due diligence on their offer to assess it. As it is a sole bidder the Council has to satisfy itself that the offer is reasonable and in particular that it is comparable to a bid that it might have received in competition. The financial and technical reports from PwC and Savills are attached as appendices 2 and 3 to the restricted paper.

Savills have taken the same base information as the bidder and their approach was to “undertake a series of development appraisals for each site utilising standard appraisal methodologies to understand the underlying potential value of the real estate within the Brick by Brick portfolio.” This is the same approach that any purchaser would undertake.

#### **Analysis of the bid and the company.**

- 3.5 Savills analysis of the bid can be summarised as follows: “On the basis of the information we have reviewed, the principles of the offer are not unreasonable but further due diligence and negotiation is required.” In that regard, see the comment made at the end of paragraph 7.1 regarding further due diligence and negotiation of the sale, and therefore the risks that attach to any sale process of this kind.
- 3.6 PwC have undertaken financial due diligence on the bidder and this is included in Appendix 2 on the restricted agenda. The summary of their analysis is that “Overall our view is that we have seen no evidence that the financial standing of the bidder should rule them out as a suitable acquirer of BBB.”

#### **Part Build out option**

- 3.7 The February 2021 Cabinet agreed that Brick by Brick would be funded to build out 29 sites, the majority of which were expected at that time to be completed by October 2021. In the PwC analysis, this is described as Scenario 2. The intention then was to attempt to sell on the two larger sites that were in progress with anticipated sell dates post 2021 and to have a phased wind down of the activities of Brick by Brick. The position has moved on since then and the table below shows the position at the end of May 2021 on each of the 29 sites.

Site	No of units	Revised date
Faithful	9	Dec-19
Windmill Place	24	May-20
Pump	14	Jul-20

Drummond	28	Aug-20
Chertsey	7	Nov-20
Flora	27	Mar-21
Longheath	53	Jun-21
Marston	12	Jun-21
Northbrook	11	Jun-21
Ravensdale	30	Jun-21
Auckland	57	Jul-21
Montpelier	34	Jul-21
Tollers	40	Jul-21
Tollgate	42	Jul-21
Warbank	36	Jul-21
Heathfield	20	Aug-21
Oxford	9	Aug-21
Thorneloe	10	Aug-21
Warminster	6	Sep-21
Avenue	12	Oct-21
Coldharbour	8	Oct-21
Kindred	128	May-22
Lion green road	157	Feb-23
Academy	9	Not on site
Belgrave and Grosvenor	102	Not on site
Coombe road	9	Not on site
Eagle Hill	8	Not on site
Malton	9	Not on site
Regina road	19	Not on site
	930	

3.8 The February report to Cabinet indicated that all of the above sites were either transferred to Brick by Brick or were required to be transferred to Brick by Brick. The latter was required to enable some of the requirements of the section 106 agreements relating to those sites to be fulfilled although this was not explicit in the February report. At that time it was assumed that works would commence on all sites. However, the table above shows that based on information provided by Brick by Brick in June 2021, 6 of the sites have not commenced. The Savills report indicates that there is limited viability in these sites and it is recommended that the Council instruct Brick by Brick not to commence development of those sites and that they be returned to the Council. The non development of these sites reduces the Council's risk exposure. These sites will be marketed for sale by the Council together with any adjacent land acquired by Brick by Brick in anticipation of development. It had been the intention in the February report that sites that were uncompleted were marketed by Brick by Brick, and those sites would have all have involved the novation of a building contract as well. This does not apply to these sites not yet in development and it is considered that the Council would be better placed to maximise value. The return and sale of these sites will be undertaken to ensure best consideration is obtained and on a basis which is tax efficient (as reflected in recommendation 1.2).

With regard to the remaining 23 sites, 21 sites are expected to be completed by the end of the calendar year. The remaining two sites would both run beyond the end of the year. Of the two the Kindred site could be completed whilst Brick by Brick is being wound down if Scenario 2 was chosen as originally envisaged in the February Cabinet report.

3.9 The above leaves one significant site which would straddle into the new financial year which is Lion Green Road. The four main alternatives for that site are as follows:

- that the site is built out by Brick by Brick;
- the site is transferred to the Council along with novation of the building contract(s) and the build out is undertaken directly by the Council;
- the site is sold mid-build at the same time as the other sales (as envisaged in Scenario 2); OR
- the building contract is terminated and the site sold as is now.

The analysis of these options is contained in Appendix 5 on the restricted agenda. The appendix indicates that of the four options, the direct build is not practicable, the termination and sale of site option would lead to significant additional cost, the option of transferring to the Council and novation of building contract(s), although possible is practicable but difficult and unlikely to recover costs leaving the build out option as the most viable for the Council.

3.10 Discussions with the directors of Brick by Brick, have led to the conclusion that the company would need additional support in any build out option as the company is likely to lose staff. The Council has, after discussion, with Homes England, approached three organisations to enquire about providing that support and two of whom responded with written submissions which have been examined by the Council and passed to the Directors of Brick by Brick and the costs are factored into the cash flows for winding down and closure costs. The two firms have subsequently been interviewed by the Council & members of the Improvement and Support Panel to gain assurance that they can provide the level of management support necessary to enable Brick by Brick to continue to deliver the build out of the 23 sites and to maximise the net returns to the Company (enabling as much of the consolidated loan as possible to be repaid.) It is a matter for the directors of Brick by Brick to make the appointment, but either firm are in the view of Council officers capable of providing the level of support required by Brick by Brick, and subject to the agreement of terms one of them would be the preferred provider. The appointment will be decided by the directors and then confirmed by the Council. The costs of the appointment have been included in the estimates provided by PwC and Savills.

In the event that the recommendations are approved the Council will also incur costs of additional support above that incurred to date during the build out estimated at £100,000 in the current year and £60,000 in 2022/23 and a yet to be determined cost of providing an ongoing level of support to private house purchasers over a number of years after the completion on site either through a residual Brick by Brick or through other means. The nature of support to private house purchasers will be the subject of a further report in due course.

### **Full build out option.**

- 3.11 The February 2021 Cabinet report contained the option of a full build out of the 29 sites (scenario 1). This is still a potential option to the Council, and the costs and benefits of that are included in Appendix 2. The costs do include the costs of additional management support to Brick by Brick and assume that contracts are completed in line with the programme. This would mean that for the six sites not yet under construction as detailed above, contracts would be let with eventual conclusion of the programme in 2024. These sites have marginal additional return over and above the assessed sale value of the land (£8 million-). Additionally-, the Council would need to provide in house support to Brick by Brick-, who would also require increasing levels of external support as projects completed. In addition arrangements would be required post completion to support private house purchasers over a number of years. In the light of the marginal potential gain from building out the last 6 sites, this option is not recommended for further evaluation.

### **Analysis of options**

- 3.12 Two analyses of the options are contained in the PwC report in Appendix 2 and the Savills report in Appendix 3 both on the restricted agenda. Both reports analyse the build out options from slightly different but complementary perspectives.
- 3.13 The net loan written off of the build out option would be between £ 25.6 million and £-52.7 million.

In the Sale option the loan write offs would be between £54 million and £68.4million.

In addition to the loans written off, the Council would incur additional costs arising from any of the options. These costs would be charges to the revenue budget. These are in addition to the costs incurred to date since the original report from PwC on Brick by Brick. These costs are detailed in paragraphs 6.1 and 6.2

There are also potential cash flow advantages to the Council in the build out option. Under the sale offer, no repayments of loans are expected until 2022-. Whereas in the build out option model, repayments are forecasted to be made in 2021/22. These repayments in both options are of course dependent upon sales receipts arising and as such any advantage is dependent upon the timing of receipts from sales.

The Council would under the build out option continue to act as funder for Brick by Brick, because the revised loan agreement noted in the May report and as agreed in February allows Brick by Brick to recycle with the Council's permission proceeds from sales. However, neither report detailed how this would be authorised. Accordingly, it is requested that the Cabinet agree that sales receipts may continue to be recycled on the agreement of the Section 151 Officer, in consultation with the Chief Executive and Monitoring Officer with specific authority to approve ad-hoc sales receipt recycling requests from Brick By Brick, up to a total amount of £5m in any one transaction and following the terms of the consolidated loan agreement, reporting on a quarterly basis to

Cabinet. It should be noted that there may be more than one such transaction a month.

- 3.14 The legal advice set out in below and in Appendix 4 (based on a set of initial queries regarding the initial offer of sale) of the restricted agenda gives the Council clear guidance as to what it can and must consider when making this decision which may include both financial and non-financial considerations. However, when taking decisions, the Council needs to be mindful of ensuring that it only considers relevant issues, and disregards irrelevant ones.
- 3.15 The Cabinet when considering the February 2021 report took the view that in constraining its involvement in Brick by Brick to the 29 sites the Council was minimising its liabilities and risk exposure. Neither of the two options are risk free. The sale of the company to the party making an offer does significantly negate risk however at the cost of lower receipts to the Council. The table below is a summary of the range of risks under the two options to be read in conjunction with the body of this report and its supporting material..

<b>KEY FACTOR</b>	<b>OPTION 1 – SELL TO BIDDER</b>	<b>OPTION 2 – BUILD OUT</b>
Funding risk	Additional working capital to be funded by bidder	Additional working capital to be funded by the Council
Revenue / profit risk	Risk shared Partial incentivisation for bidder  Forward fund arrangements for affordable packages likely to transfer	No transfer of risk  Forward fund arrangements for affordable packages likely to transfer
Construction risk	All transfers (subject to contract)	No transfer of risk
Development / planning / land risk	All transfers albeit requiring Council resource to resolve outstanding planning/land issues	No transfer of risk

Post development risk	All transfers (subject to contract)	No transfer of risk
Management risk	Substantial transfer of delivery risk (subject to contract) but the incentivized nature of the deal would require client side resource	Partial transfer to new Development Manager. Will still require significant client-side resource.
Reputational risk	Partial transfer (residual risk because of former ownership and status as public body)	No transfer of risk
Control risk	Very limited control for LBC (some controls possible through sale contract)	Full control for LBC
Land/portfolio transactional risk	Risk of exclusivity with one party; lack of competitive tension	Transactional risk associated with sale of the six sites where development not underway
Plot transactional risk (consumer or bulk)	All transfers (subject to contract)	No transfer of risk
Counterparty risk	bidder covenant strength TBC (PWC providing report)  Limited exposure to London development / sales market	Scope and form of contract with new DM team TBC.

For each of the above, mitigations will need to be put into place to reflect the risk involved. The largest risk of build out is management failure and collapse of Brick by Brick. The cost of additional support to Brick by Brick to mitigate this risk has been priced into the both sets of figures.

Based on the modelling work by PwC the effective “price” or potential loss of value to the Council of that risk transfer is £19 million. Savills estimate of the price of the risk transfer is between £15.7 million and £28.4 million.

- 3.16 There is no disputing the fact that the build out option has higher levels of risk than the sale option and that the latter would enable the Council to concentrate resources which could otherwise be utilised on the delivery of other parts of the Croydon Renewal Improvement Plan. The Council has to decide on the balance of risk and reward and fully consider the reduced level of loan write offs from building out the 23 sites.

On the one hand there is the greater certainty offered by the sale option (as illustrated in the Savills' report) but which comes with additional potential costs incurred in terms of loan write-off; whether this is outweighed by the potential reward accompanying the risks in the build out option is a key consideration.

On balance, although the build out option has a higher element of risk, a number of those risks can be mitigated. On that basis, together with the potential of a higher return, it is recommended that the sale option and offer from the bidder is rejected. Savills' in their advice have suggested that the Council go back to the bidder and see if there is any improved offer available. This has been done and no improved offer has been received. Accordingly the sale offer is not recommended for acceptance.

### **Next Steps**

- 3.17 The Cabinet could chose to see if it is possible to obtain another purchaser for the company. PwC estimate that to do that to the stage of the current bidder's offer would take in the region of 8 weeks. That would then need to be assessed by the Council. By the time that had been undertaken, based on the scheme completion dates shown in para 3.7, and the time required for further due diligence, most of the sites would be completed. In addition, on the basis of the Savills' assessment that the bid is structured in line with how other purchasers might bid, it is very uncertain as to whether a marketing exercise would produce a substantially better financial outcome.
- 3.18 If the Cabinet accepts the recommendation to build out as described in paragraphs 3.7 to 3.10, Brick by Brick will need to release from its programme (and the build out) land that has been transferred to the Company together with any other adjacent sites that the Company has acquired which are now not being built out. This land will then be marketed by the Council. The 6 sites affected by this are shown in para 3.7 "as not on site". In addition, the company will need to engage additional management support to ensure that the build out occurs in a cost effective way and a risk reduced manner. This will need to be undertaken in a timely manner with full support from the Council.
- 3.19 Under the Articles of Association the company is required to operate in accordance with its Business Plan, as approved and updated by the Council as shareholder. The adoption of this proposed course of action will therefore take effect as a variation to the current Business Plan. In light of the level of investment the Council has made via loans to the Company, monthly reports will be required to be made updating the Council of the financial position, giving progress on sites, sales and any key contractual issues. This will form the basis of a proposed quarterly report to Cabinet.

#### **4. CONSULTATION**

- 4.1 No formal consultation has been made on this report, other than factual accuracy checks with external third parties including with the Directors of Brick by Brick.
- 4.2 Officers have worked closely with colleagues on the Improvement and Assurance Panel who have provided considerable advice on the options. They have also suggested follow up work with outside parties which has been undertaken. Thanks need to be placed on record for the advice that has been provided.

#### **5. PRE-DECISION SCRUTINY**

- 5.1 This report has been submitted to the Scrutiny and Overview Committee for comment prior to submission to the Cabinet.

#### **6 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS**

- 6.1 Since the original report by PwC the Council has incurred direct external costs of £215,000.
- 6.2 In the event of the sale of the Company, additional revenue costs of £250,000 are likely to be incurred in terms of additional financial, technical and legal costs as part of the due diligence and sale process. In addition the Council will need to provide additional support from existing staff. In the build out option the costs of additional support are estimated at £160,000. In either case these costs can be met from an earmarked reserve.
- 6.3 The key financial exposure for the Council in relation to Brick by Brick is the £161 million of loans that it has provided to the company which includes accrued interest income. In both options the accrued interest will be repaid however in both options there will be unpaid debt interest-. As of 2021/2022 the Council has now started to provide for Minimum Revenue provision (MRP) within its General Fund revenue budget for the amount that the Council assess to be at risk of non-payback. The MTFS includes a provision for the revenue effects of writing off of £31 million of loans to Brick by Brick, after allowing for the provision of the capital costs of the redevelopment of Fairfield Halls. Additional unbudgeted MRP costs of between nil and £1.85 million p.a could be incurred depending upon the eventual level of debt unrecovered. These costs could be reduced by the sale of sites not transferred to Brick by Brick but which have been subject to planning applications . The transfer and sale of the six unbuilt sites will result in any consolidated debt on those sites within the loan agreement being reclassified under the Loan agreement with Brick by Brick as Category B debt, which will be lower priority and will no longer accrue further interest. This will require the existing loan agreement to be modified, and in line with previous delegations it is recommended that authority to modify the loan agreement be granted to the the Section 151 Officer, in consultation with the Chief Executive and Monitoring Officer and that any such modifications be reported in the quarterly report to Cabinet.

Approved by: Chris Buss, Interim Director of Finance Investment and Risk.



## **7. LEGAL CONSIDERATIONS**

- 7.1 External legal advice has been sought in relation to this report. Under the Council's general power pursuant to Section 1 of the Localism Act 2011, the Council may exercise its rights as sole shareholder of Brick by Brick Croydon Ltd to take the steps identified in this report. Under the Articles of the company, the matters addressed are within the scope of "reserved matters", i.e. matters for which the company needs shareholder approval and where the Council (as shareholder) may direct the company (and its directors).
- 7.2 In making decisions under this report, Members will need to be mindful of the Council's financial position, its fiduciary duties and the requirement to have regard to all relevant factors and to disregard irrelevant ones. The Council must act in accordance with the principles of Wednesbury reasonableness, meaning to make decisions that a rational person might make, having regard to all relevant considerations.
- 7.3 In particular, Members should (i) weigh up the risks and benefits under the main options presented (as well as taking into account the other options that may be available but which are ruled out), (ii) take note of the risks under the recommended approach and especially the financial exposure that may accrue by way of the writing off of a portion the consolidated loan made to the company.
- 7.4 Detailed Legal advice is included as Appendix 4. In that advice attention is drawn to paragraph 5 which reminded the Council of general principles that apply to decision-making (as also described above). The advice also touched on the fact that on any sale of a company the offer made will be subject to due diligence and agreement of commercial terms. Accordingly, the offer made for the purchase of the company carries the inherent risk that either it may not get to completion, or that the offer price might be reduced. Moreover, any sale would be subject to certain warranties (made by the Council as seller) and therefore which involve a residual risk post-sale; an example being as to whether the company has outstanding tax or other undisclosed financial liabilities.

Approved by Nigel Channer, Interim Head of Commercial & Property Law on behalf of Doutimi Aseh, the Interim Director of Law & Governance

## **8. HUMAN RESOURCES IMPACT**

- 8.1 There are no immediate HR considerations in this report for Council employees or staff. If any should arise these will be managed under the Council's policies and procedures.

Approved by Gillian Bevan, Head of HR Resources, on behalf of the Director of Human Resources

## **9. EQUALITIES IMPACT**

- 9.1 There are no equalities impacts arising from this report. However the implications of the issues raised and how they are addressed may have an effect on the medium-term financial plan. Any subsequent savings plans that have a staffing impact or impact on vulnerable and/or groups that share a protected characteristic will be subject to agreed HR procedures, formal consultation and equality analysis.

Approved by: Yvonne Okiyo, Equalities Manager, Resources Department

## **10. ENVIRONMENTAL IMPACT**

- 10.1 There are no environmental 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 reasons for the decision are embedded within the report. As stated, there is a balance of risk and reward to be considered and on analysis, the additional potential costs incurred in terms of loan write off under the sale option outweigh the risks of the build out option. This assessment is based on the professional opinion of officers with the benefit of expert independent professional advice. The recommendations presented for consideration by Members are made in the context of the loans to Brick by Brick and the costs of the alternative options, and are considered therefore to be those that will achieve a best value outcome in the interests of the local taxpayer.

## **13. OPTIONS CONSIDERED AND REJECTED**

- 13.1 The Council had considered earlier a range of options ranging from immediate closure to continued build out of the full portfolio. These were reduced to three options in February. The paper details the review of the remaining options available now to the Council of either building out or selling the company-, the option of remarketing is rejected due to time constraints-.

## **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

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**CONTACT OFFICER:** Chris Buss, Interim Director of Finance,  
Investment & Risk

**APPENDICES TO THIS REPORT:** All on restricted agenda

Appendix 1 – Offer

Appendix 2 – PwC report on offer and analysis with other scenarios

Appendix 3 – Savills report on offer

Appendix 4 – Legal Advice from Browne Jacobson LLP

Appendix 5 – Lion Green Road analysis

**BACKGROUND DOCUMENTS:** None

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# Agenda Item 6

<b>REPORT TO:</b>	<b>Cabinet 12 July 2021</b>
<b>SUBJECT:</b>	<b>Financial Performance Report – Outturn 2020/1</b>
<b>LEAD OFFICER:</b>	<b>Chris Buss, Interim Director of Finance , Investment and Risk (S151 Officer)</b>
<b>CABINET MEMBER:</b>	<b>Councillor Stuart King, Cabinet Member for Croydon Renewal</b> <b>Councillor Callton Young OBE, Cabinet Member for Resources &amp; Financial Governance</b>
<b>SUMMARY OF REPORT:</b>	
<p>This report informs members of the draft outturn of its financial accounts for the year 2020/21 for the General Fund and Housing Revenue Account [<i>HRA</i>]. These figures will be subject to external audit verification. Details of the levels of general reserves for both the General Fund and HRA (still subject to finalisation of the 2019/20 accounts process) are also set out in this report.</p> <p>The outturn for the General Fund is showing a £65.8m variance to budget – a £1.4m improvement on the forecast reported for Period 11 – and within the approved £70m Capitalisation Direction request to the Ministry for Housing, Communities and Local Government [<i>MHCLG</i>] – the net £65.8m being capitalised under that direction.</p> <p>General Fund unfenced reserves will rise from £7.5m to £27.5m in line with the capitalisation direction request and strategy set out in the 2021/22 Budget and Medium Term Financial Strategy [<i>MTFS</i>] approved by Full Council in March 2021.</p> <p>The Housing Revenue Account is showing a £1.3m underspend on operating budgets – an improvement of £1.8m on the previous forecast at Period 11. HRA reserves carried forward are increasing by £12.2m as the result of the aforementioned underspend and slippage in the HRA capital programme which sees less use of the Major Repairs Reserve than previously forecast</p> <p>The Capital programme has seen slippage for both the General Fund and HRA – the impact of the Covid-19 pandemic playing a significant part in this slippage. The General Fund capital programme has underspent by £117m, of which £66m relates to the review of the councils property development company (Brick by Brick). The HRA capital programme has also underspent, itself by £102m. of which £85m relates to purchases of properties, a significant proportion of which are from Brick by Brick.</p>	
<b>FINANCIAL IMPACT</b>	
<p>The Council had requested and has had approved a capitalisation direction request for 2020/21 of up to £70m – the draft General Fund outturn at £65.8m is within that threshold.</p> <p>The corporate message to minimise costs and exploit mitigating opportunities appears to being taken to heart with potential risks still being recognised at Period 11 not further</p>	

impacting on the final outturn position and the outturn being £17m lower than the Period 11 forecast. This upside has enabled general reserves levels brought forward to be maintained despite downward adjustment as the external audit of the 2019/20 accounts has progressed whilst at the same time setting aside funding to cover the likely impact of unwinding the Council's dealings with Brick by Brick.

Both the General Fund and HRA capital programmes have underspent – these underspends have contributed to reducing the revenue costs of financing in-year debt costs.

**FORWARD PLAN KEY DECISION REFERENCE NO.:** This is not a key decision

## **1. RECOMMENDATIONS**

- 1.1 Cabinet are asked to note the draft outturn for the General Fund for 2020/21 being £65.8m over approved budget, which is a £1.4m improvement on the Period 11 position previously reported to Cabinet on 7<sup>th</sup> June;
- 1.2 To note the forecast level of closing General Fund general reserves as £27.5m - after taking into account likely adjustments to the levels brought forward as part of the work to finalise the 2019/20 accounts audit process, and which is in line with the assumptions set out in the approved 2021/22 Budget and Medium Term Financial Strategy of March 2021;
- 1.3 To note the forecast outturn and level of HRA balances carried forward;
- 1.4 To note the draft General Fund capital outturn position for 2020/21;
- 1.5 To note the draft HRA capital outturn position for 2020/21; and
- 1.6 To approve the roll-forward of capital underspends into the 2021/22 Capital Programme for both the General Fund and HRA as set out in Tables 4 and 5.

## **2. EXECUTIVE SUMMARY**

- 2.1. The Council has faced a challenging financial year during 2020/21 in part the result of the consequences and pressures created by the Covid-19 pandemic as well as other underlying budget pressures. Monthly monitoring and completion of MHCLG returns suggests that outside of departmental additional spend for which specific ring-fenced grant was received, around £76m of Covid-19 pressures were borne by the Council (arising from additional spend pressures; unachievable or delayed savings delivery; or lost income), whilst additional government support to mitigate these impacts was only £33m.

- 2.2. The Council recognised the nature of its budgetary position at an early stage in the financial year and regular reports have been provided to members throughout the year as to the forecast position and mitigating actions being taken to address that position.
- 2.3. In-year budget savings measures have been identified and implemented mid-year to mitigate the position (including £28m approved by Cabinet in September 2020). Additionally, a review of the Council's General Fund capital programme reduced in-year approvals from £301m to £176m in order to minimize future capital financing costs.
- 2.4. The Council received a Report in the Public Interest [RIPI] issued by its external Auditors (Grant Thornton) in November 2020 that, amongst other matters, highlighted the potential extent of the in-year and future budgetary challenge facing the Council – the recommendations contained in that report the Council fully accepted.
- 2.5. In working towards a budget strategy that recognised the likely impact on levels of reserves of the 2020/21 outturn forecasts and future pressures, a capitalisation direction of up to £70m for 2020/21 was sought from MHCLG, and confirmation of its approval received by the Council on 5<sup>th</sup> March 2021. The draft General Fund outturn set out in this report of £66m is within that envelope and £1m lower than anticipated in the Period 11 forecast. The Budget Setting and MTFS report approved by Full Council on 8<sup>th</sup> March 2021 included the assumption that the full £70m would be utilised in 2020/21.
- 2.6. As part of the approved 2021/22 Budget and MTFS, general reserves were anticipated to improve by £20m by the end of March 2021 - £5m already being in the base budget, with a further £15m being added to improve the Council's resilience against risks. As part of this draft outturn position the Council has been able to achieve that planned increase and general reserves are reported as rising from £7m at the end of 2019/20 to £27m at the end of 2020/21.
- 2.7. Upside of £17m in both service and corporate budgets (set out in more detail further in this report) have enable the Council to offset £7m of identified adjustments to the 2019/20 accounts (and hence lower balances brought forward) as well as £9m for the unwinding of previous accounting treatment and assumptions with regard to interest accruals with regard to the Council's wholly-owned property Development Company (Brick by Brick).
- 2.8. The HRA has seen a £1m underspend on operating expenditure at the outturn of 2020/21. In addition, the slippage in its capital programme will see HRA reserves increase by £12m in 2020/21 which are then available to draw down in this or subsequent years to finance expenditure which has slipped from 2020/21.
- 2.9. Both the General Fund and HRA capital programmes have underspent against budgets. Both programmes have been affected by the impact of the Covid-19 pandemic, whilst decisions taken to minimize the impact on General Fund capital financing costs have also played a part – the most significant reduction

in the General Fund capital programme relates to £66m of lending that was not advanced to Brick by Brick. The delayed completion by Brick by Brick of units to be purchased by the HRA is the biggest single element of slippage in the HRA capital programme.

### **3. GENERAL FUND REVENUE OUTTURN**

- 3.1. The Council has faced a challenging year as the impacts of the Covid-19 pandemic has significantly impacted on spending pressures, income streams, and the delivery of budgeted savings initiatives. Whilst additional government funding has been received in year, this has not fully compensated for these pressures.
- 3.2. In addition, the Council has recognised underlying spending pressures that would have made it difficult to achieve spend within approved budget. In identifying these underlying pressures the Council has engaged with its external auditors (Grant Thornton); the Finance Review Panel; MHCLG; and the Improvement Panel. The challenge facing the Council has led to the issuing of a s114 Notice, a Report in the Public Interest, and a successful request to the Secretary of State for a Capitalisation Direction approval for up to £70m to be applied in 2020/21 (with a further £50m for 2021/22).
- 3.3. These issues have been fully set out in various reports to Cabinet and Full Council throughout the year and include the following:
- Cabinet 20<sup>th</sup> Jul 20 – July Financial Review
  - Council 28<sup>th</sup> Sep 20 – Croydon Renewal Plan & 20/21 Budget
  - Council 19<sup>th</sup> Nov 20 – Report in the Public Interest
  - Council 1<sup>st</sup> Dec 20 – Response to s114 Notice & Budget Amendments
  - Cabinet 18<sup>th</sup> Jan 21 – Croydon Renewal Plan and MHCLG Submission
  - Council 8<sup>th</sup> Mar 21 – General Fund & HRA Budget 21/22 to 23/24

#### **General Fund Reserves Brought Forward**

- 3.4. The draft accounts, published in October 2020, included General Fund general reserves carried forward of £7.5m. A number of adjustments to that balance have subsequently been identified by either the Council or Grant Thornton through the audit process that is expected to see those reserves fall to £0.8m.
- 3.5. The changes reflected in the revised 2019/20 accounts relate to:
- £1.0m Transformation Fund costs previously charged to capital receipts;
  - £4.2m Further provision required for bad or doubtful debts
  - £1.5m Provision for under-recovery of Housing Benefit overpayments



## General Fund Outturn

- 3.6. The financial pressures impacting on the 2020/21 position were last reported to Cabinet on 17<sup>th</sup> May 2021 in the Period 11 monitoring report which forecast a net General Fund overspend and thus need to draw down on the approved capitalisation direction of £67.3m (below the £70m request approved by MHCLG).
- 3.7. The draft outturn for the General Fund is now reported (but still subject to external audit) as £65.8m – an improvement of £1.4m which will be reflected in a corresponding lower requirement to utilise the Capitalisation Direction approval. The table below sets out a summary of the draft outturn position and changes since the last reported Period 11 forecast.

Table 1 – Summary General Fund Outturn Position

	Period 11		Draft Outturn (£,000's)	Draft Variance (£,000's)	Change From Period 11 (£,000's)
	Approved Budget (£,000's)	Forecast Variance (£,000's)			
Health, Wellbeing and Adults	135,538	23,941	149,900	14,362	(9,579)
Children, Families and Education Place	105,683	26,920	129,854	24,171	(2,749)
Resources	64,391	15,820	77,933	13,542	(2,278)
Service Total	13,461	5,283	17,904	4,443	(840)
Corporate Budgets & Funding	319,073	71,964	375,591	56,518	(15,446)
<b>Corporate Total</b>	<b>(319,073)</b>	<b>(4,734)</b>	<b>(325,571)</b>	<b>(6,498)</b>	<b>(1,764)</b>
Surplus Used To: Replenish Reserves for 19/20 Adj's			6,700	6,700	6,700
Provide for unwinding BxB Accounts			9,100	9,100	9,100
<b>NET CAPITALISATION DIRECTION REQ'T</b>		<b>67,230</b>	<b>65,820</b>	<b>65,820</b>	<b>(1,410)</b>

- 3.8. Improvements in service area variances of £15.5m together with further corporate budgets net underspends of £1.8m see an overall improvement of £17.2m – collectively a £50.0m variance against approved budget. These improvements since Period 11 have enabled the Council to provide for £9.1m of potential accounting adjustments relating to the nature and accounting treatment of loans provided to, and capital works undertaken by, the Council's wholly-owned property development company (Brick by Brick) . In addition the reduced overall overspend has enable the setting aside of £6.7m to rebuild general balances to their original level prior to the adjustments that have been identified in the audit of the 2019/20 accounts (as referred to previously in paras 3.4 and 3.5).
- 3.9. Details of the most significant variances outlined in Table 1 are set out in the following additional narrative:

## Health, Wellbeing and Adults

3.10. The Health, Wellbeing and Adults Directorate has delivered an outturn £9.6m improved on the Period 11 forecast - £14.4m in excess of the approved full year budget. The material changes from the Period 11 forecasts are as follows:

- (£4.1m) Potential costs of market sustainability not required
- (£2.1m) Lower charges for Transitions clients & hospital discharge;
- (£1.4m) Lower than expected hospital discharge costs for older people
- (£1.7m) Pan-London excess deaths costs covered by Covid grant;
- (£0.6m) Lower than expected costs of Deprivation of Liberties
- (£0.5m) Final confirmation of Covid grant for Homelessness costs;
- (£0.5m) Additional income relating to bereavement services;
- (£0.2m) Lower than anticipated costs in No Recourse Public Funds
- (£0.2m) Homelessness Accommodation spend
  
- £2.0m Further provision for bad and doubtful debts
- £0.8m Reduction in Homelessness Reduction grant funding

3.11. The variance to approved budget by each division within the Health, Wellbeing and Adults Directorate is set out below:

Table 2a – Health, Wellbeing and Adults Outturn by Division

	Period 11		Draft Outturn (£,000's)	Draft Variance (£,000's)	Change From Period 11 (£,000's)
	Approved Budget (£,000's)	Forecast Variance (£,000's)			
Integration and Innovation	3,376	(391)	2,828	(548)	(157)
Gateway Services	28,292	907	26,109	(2,183)	(3,090)
Housing Assessment and Solutions	8,122	1,863	12,505	4,383	2,520
Adult Social Care and All-Age Disability	95,748	21,602	108,500	12,752	(8,850)
Public Health	-	(40)	(42)	(42)	(2)
	<b>135,538</b>	<b>23,941</b>	<b>149,900</b>	<b>14,362</b>	<b>(9,579)</b>

## Children, Families and Education

3.12. The Children, Families and Education Directorate has delivered an outturn £2.7m improved on the Period 11 forecast - £24.2m in excess of the approved full year budget. The material changes from the Period 11 forecasts are as follows:

- (£2.8m) Social Care – UASC / disabilities placements contract spend / other contract savings
- (£0.1m) Reduction in previously forecast legal charges
- £2.9m Clearance and reconciliation of grant holding account
- £2.6m Savings on Business Support / Schools Admissions and Best Start contracts

3.13. The variance to approved budget by each division within Children, Families and Education is set out below:

Table 2b – Children, Families and Education Outturn by Division

	Period 11		Draft Outturn (£,000's)	Draft Variance (£,000's)	Change From Period 11 (£,000's)
	Approved Budget (£,000's)	Forecast Variance (£,000's)			
Directorate-Held Costs	9,050	(417)	8,520	(530)	(113)
Childrens Social Care	83,853	23,719	104,764	20,911	(2,808)
Schools ISB	-	-	2,869	2,869	2,869
Education	11,899	(1,106)	8,010	(3,889)	(2,783)
Quality, Performance & Improvement	881	(165)	721	(160)	5
Schools Deficit Closure	-	4,889	4,970	4,970	81
	<b>105,683</b>	<b>26,920</b>	<b>129,854</b>	<b>24,171</b>	<b>(2,749)</b>

Place Directorate

3.14. The Place Directorate portfolio has delivered an outturn £2.3m improved on the Period 11 forecast - £13.5m in excess of the approved full year budget. The material changes from the Period 11 forecasts are as follows:

- (£1.9m) Additional Landlord Rents and Service Charges
- (£0.5m) Contingency for SEN costs not required
- (£0.4m) Trade and Bulky Waste income
- (£0.4m) Trees and Grounds Maintenance costs
- (£0.3m) Income from Highways Coring and s278 Highways Act
- (£0.3m) Libraries ICT cost savings
- (£0.2m) Saving in Adult and LD Transport costs in Mar due to Covid
- (£0.2m) Staffing savings with Neighbourhood Operations
- (£0.1m) Planning – transfer from Local Plan Reserve
- (£0.1m) Additional income in Employment and Skills service
- £0.9m Facilities Management utilities costs and contract costs
- £0.5m Violence Reduction Grant Income not received / deferred
- £0.4m Parking Income
- £0.2m Waste Contract Costs

3.15. The variance to approved budget by each division within the Place Directorate is set out below:

Table 2c –Place Department Outturn by Division

	Period 11		Draft Outturn (£,000's)	Draft Variance (£,000's)	Change From Period 11 (£,000's)
	Approved Budget (£,000's)	Forecast Variance (£,000's)			
Growth, Employment and Regeneration	3,054	(116)	2,853	(201)	(85)
Homes and Social Investment	(1,388)	6,654	4,166	5,554	(1,100)
Croydon Culture and Growth Development	10,398	(345)	9,836	(562)	(217)
	-	-	43	43	43
Croydon Growth Fund	40	-	13	(27)	(27)
Planning	2,061	165	2,120	59	(106)
Violence Reduction Network Directorate	2,762	(89)	3,121	359	448
	533	-	592	59	59
Public Realm	46,931	9,551	55,189	8,258	(1,293)
	<b>64,391</b>	<b>15,820</b>	<b>77,933</b>	<b>13,542</b>	<b>(2,278)</b>

Resources Directorate

3.16. The Resources Directorate portfolio has delivered an outturn £0.9m improved on the Period 11 forecast - £4.4m in excess of the approved full year budget. The material changes from the Period 11 forecasts are as follows:

- (£0.7m) Additional Revenues and Benefits income
- (£0.6m) Staff savings / vacancies in Procurement & Commissioning
- (£0.3m) ICT licence fee savings and receipt of credit notes
- (£0.1m) Savings on Governance Review and Member costs
- (£0.1m) Legal cost savings
- (£0.1m) HR Savings – OH contract / IT Systems cost savings
- £0.8m Further provision for Bad Debt relating to Housing Benefits
- £0.1m Costs relating to Sandilands Tram inquest
- £0.2m Community Fund payments for fifth quarter

3.17. The variance to approved budget by each division within the Resources Directorate is set out below:

Table 2d –Resources Department Outturn by Division

	Approved Budget (£,000's)	Period 11 Forecast Variance (£,000's)	Draft Outturn (£,000's)	Draft Variance (£,000's)	Change From Period 11 (£,000's)
Directorate	(2,171)	378	(1,794)	377	(1)
Finance, Investment and Risk	6,715	2,759	9,759	3,044	285
Croydon Digital Services	829	2,851	3,391	2,562	(289)
Law and Governance	2,550	(490)	1,771	(779)	(289)
Facilities Management and Support	(4,798)	-	(4,767)	31	31
Strategy and Partnerships	1,522	285	1,938	416	131
Commissioning and Procurement	6,361	(60)	5,699	(662)	(602)
Human Resources	2,453	(440)	1,907	(546)	(106)
	<b>13,461</b>	<b>5,283</b>	<b>17,904</b>	<b>4,443</b>	<b>(840)</b>

3.18. Taking collectively, the service areas (excluding corporate budgets) have, as outlined above) delivered a £15.4m underspend in comparison to that previously forecast in the Period 11 forecast – this is £56.5m in excess of the approved budget.

3.19. The Covid-19 pandemic has contributed significantly, but not exclusively, to this service overspend with the information collated as part of the MHCLG monthly monitoring returns showing an estimated impact of £76.6m – a net £43.6m after utilisation of unfenced additional grant funding

	Covid-19 Impacts (£,000's)
Spending Pressures	40,592
Undelivered Savings	22,208
Reduced Income	13,848
	<b>76,648</b>
Unfenced Covid Grants	(32,998)
	<b>43,650</b>

### Corporate Budgets

3.20. Corporate budgets have delivered an outturn £1.8m improved on the Period 11 forecast - £6.5m in excess of the approved full year budget. The material changes from the Period 11 forecasts are as follows:

- (£4.0m) Reduced capital financing costs
- (£2.9m) Review and reversal of historic creditor accruals (+3 years)

3.21. The overall £17.3m improvement in service and corporate budgets has allowed the £6.7m reduction in general reserves brought forward from 2019/20 to be

replenished to the previously anticipated levels following the adjustments to the 2019/20 accounts currently being audited (as previously referred to in paras 3.4 and 3.5). In addition, £9.1m has been set aside to offset the likely expected costs related to the further unwinding of the accounting entries in relation to Brick by Brick. Discussion with our external auditors is ongoing as to the most appropriate way of reflecting this latter adjustment between both 2019/20 and 2020/21 accounting periods. The allocation of amounts between the years may impact on the level of balances brought forward to 2020/21, but will not impact on the reported closing position.

- 3.22. Taking the above two adjustments into account, the remaining positive variance between Period 11 and draft outturn of £1.4m has enabled the requirement for use of the capitalisation direction approval to be reduced by £1.4m from £67.3m to £65.8m.

### **General Fund Reserves Carried Forward**

- 3.23. As previously set out, General Fund general reserves are brought forward as £0.8m (revised down from £7.5m).
- 3.24. The improvement in service and corporate budget positions has enabled those adjustments identified through the audit process to be replenished in 2020/21 by £6.7m back to their originally anticipated levels.
- 3.25. The originally approved budget for 2020/21 included provision to contribute £5.0m to further build general reserves – included in the Period 11 forecast, this £5m contribution is included in the forecast revenue position previously discussed.
- 3.26. Part of the approved capitalisation direction request contained provision to bolster general reserves by a further £15.0m in order to provide sufficient resilience to meet future risks and challenges. The impact of this is included within the overall £65.8m being reported as the amount capitalised.
- 3.27. General reserves will thus be carried forward at the level of £27.5m. This quantum needs to be considered in the context of Period 1 monitoring for 2021/22 forecasting a £3.5m overspend with further potential risks of £12.4m against only £12.2m of identified potential mitigations. In addition the Council has £62.9m of further savings to deliver in 2022/23 (of which only £24.5m was identified as part of the March 2021 approved three-year MTFs).

## **4. HOUSING REVENUE ACCOUNT OUTTURN**

- 4.1. The Housing Revenue Account [HRA] revenue forecast was last reported to Cabinet on 1<sup>st</sup> March 2021, when it was forecast to overspend by £0.5m. As a ring-fenced account, any variance in the HRA position impacts on HRA reserves rather than the General Fund balances discussed above.

4.2. The outturn position has seen a net operating underspend of £1.3m – a movement of £1.8m. Details of the variances to approved budget are set out in the summary below:

- (£1.75m) Additional income from Leaseholder Works charges
- (£1.40m) Responsive repairs, the result of limited access due to Covid
- (£1.00m) Employee underspends due to vacancies across the dep't
- £0.99m Temporary Accommodation pressures (principally related to Security costs at Concorde, Sycamore and Windsor blocks)
- £0.87m Rental Income unachieved on delayed planned purchases
- £0.64m Tenancy Services overspends – incl. utility costs and overtime
- £0.31m Unrecovered garage and commercial property income
- £0.05m Other miscellaneous variances

4.3. In addition to the above, underspends in the HRA capital programme (as detailed in Section 6 of this report) result in revenue contributions and use of the Major Repairs Reserve being lower than budgeted. These delayed capital charges also contribute to general reserves that will be available for use in 2021/22. The HRA reserves as a consequence increase at year end by £12.2m and will be carried forward with a total balance of £27.6m.

## 5. GENERAL FUND CAPITAL PROGRAMME

5.1. The General Fund capital programme was originally approved with a gross budget of 302m but saw significant revisions in September 2020 and January 2021, which saw the budget reduced to £176m. Outturn spend in year has resulted in spend of £59m against that revised budget – an underspend of £117m.

5.2. The delivery of the capital programme has been significantly impacted by the effects of the Covid-19 pandemic whilst the recognition of the Council's overall financial outlook has led to some spend also being deferred in accordance with the s114 requirements. In particular however, the re-appraisal of the Council's investment in its wholly-owned property company (Brick by Brick) has seen £66m of previously approved loan financing not allocated.

5.3. The table below illustrates the split of that underspend by department



**Table 3 – General Fund Capital Outturn Summary**

	Original Budget 2020/21 (£,000's)	Budget Adjusts 2020/21 (£,000's)	Revised Budget 2020/21 (£,000's)	Outturn 2020/21 (£,000's)	Variance 2020/21 (£,000's)
Health, Wellbeing and Adults	3,000	4,181	7,181	2,836	(4,345)
Children, Families and Education	25,283	2,806	28,089	17,575	(10,514)
Place	159,449	(38,370)	121,079	30,314	(90,765)
Resources	113,814	(93,678)	20,136	8,713	(11,423)
	<b>301,546</b>	<b>(125,061)</b>	<b>176,485</b>	<b>59,438</b>	<b>(117,047)</b>

5.4. Full analysis on a project by project basis is set out in Appendix 1 that provides analysis of the individual project variances that comprise the above departmental summary figures.

5.5. Some of the most notable variances contained within the figures above, and Appendix 1, are set out below:

Health, Wellbeing and Adults

- i. Disabled Facilities Grants (£1,973k) underspend

Children, Families and Education

- ii. Education – Major Maintenance (£4,649k) underspend
- iii. Education – SEN (£2,482k) underspend
- iv. Education – Fixed Term Expansions (£1,893k) underspend

Place

- v. Brick by Brick Loan Financing (£66,150k) underspend
- vi. Section 106-Funded Schemes (£4,674k) underspend
- vii. Growth Zone (£4,210k) underspend
- viii. Parking Schemes (£2,926k) underspend
- ix. Fieldway Cluster – Timebridge Community Ctr (£2,902k) underspend
- x. Community Ward Budgets (£1,616k) underspend
- xi. Waste and Recycling (£1,558k) underspend
- xii. Electrical Vehicle Charging Points (£1,200k) underspend
- xiii. Highways Maintenance Programme (£1,007k) underspend
- xiv. TFL LIP (£3,419k) overspend

Resources

- xv. People ICT (£5,889k) underspend
- xvi. ICT Refresh and Transformation (£2,985k) underspend
- xvii. Corporate Property Programme (£2,248k) underspend



- 5.6. The reduction in capital spend in 2020/21 has had a corresponding impact on the funding sources used to finance that expenditure. As illustrated in the table below, the reduced level of borrowing represents £104m of the overall £117m reduction in overall funding and has had a positive impact in reducing interest costs reported in corporate revenue budgets. The reduction in borrowing from levels originally approved is in fact £240m before the requirement was reduced in year by £137m.

Table 4 – General Fund Capital Programme Funding

	Original Budget 2020/21 (£,000's)	Budget Adjusts 2020/21 (£,000's)	Revised Budget 2020/21 (£,000's)	Outturn 2020/21 (£,000's)	Variance 2020/21 (£,000's)
Grants & Other External Contribs	21,462	5,491	26,953	18,753	(8,200)
CIL and s106 Receipts	7,376	6,245	13,621	8,414	(5,207)
Borrowing	272,708	(136,797)	135,911	32,271	(103,640)
	<b>301,546</b>	<b>(125,061)</b>	<b>176,485</b>	<b>59,438</b>	<b>(117,047)</b>

- 5.7. The above reported underspend in 2020/21 is currently being reviewed by the Capital Programme Board and departmental requests for roll-forward of unspent 2020/21 budgets being considered alongside need to spend against budgets already in the originally approved 2021/22 capital programme.
- 5.8. That work in reviewing 2020/21 underspends and original 2021/2022 budgets has yet to be finalised. Current indications however indicate £74m may need to be carried forward, but as yet has not taken into account the need for existing 2021/22 budgets. Indicative requests are however set out as part of Appendix 1.
- 5.9. Some of the most significant roll-forward requests being considered are as follows:
- £4.3m of Health, Wellbeing and Adults capital budgets of which £2.0m relates to Disabled Facilities grants and £0.9m Sheltered Housing;
  - £10.5m of Children, Families and Education budgets – being the entirety of the 2020/21 capital underspend;
  - £46.5m of Place Directorate budgets - £20m of which relates to Brick Brick Loan financing (against £66.2m underspend in 2020/21), £4.7m s106-related schemes, £4.2m Growth Zone Investment, £2.9m New Addington Wellbeing Centre, and £2.9m Timeway Community Centre.
  - £12.6m Resources Directorate - £9.2m of which relates to ICT and Digital transformation underspends, and £2.2m relates to the Corporate Property Programme

## 6. HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME

- 6.1. From the originally approved HRA capital programme of £35m, additionally funding of £92m was approved during the year to provide a final approved budget of £127m. The most significant changes made in year were to finance the £83m purchase of affordable housing units and other properties together with £6m for further fire safety measures.
- 6.2. The impact of the Covid-19 pandemic along with related delays to the completion and transfer of units from Brick by Brick has led to an underspend against that approved budget of £102m – the spend at year end being £26m.
- 6.3. Details of the budget and outturn by programme area are set out in the table below:

Table 5 – Housing Revenue Account Capital Spend

	2020/21 Capital Budget and Outturn				
	Original Budget 2020/21 (£,000's)	Budget Adjusts 2020/21 (£,000's)	Revised Budget 2020/21 (£,000's)	Outturn 2020/21 (£,000's)	Variance 2020/21 (£,000's)
Asset management ICT database	-	290	290	290	-
Fire safety programme	-	6,314	6,314	759	(5,555)
Larger Homes	-	1,350	1,350	11	(1,339)
Major Repairs and Improvements Programme	26,771	-	26,771	18,236	(8,535)
Affordable Housing Programme	-	38,404	38,404	6,472	(31,932)
BBB Properties part funded by GLA and HRA RTB	8,750	44,835	53,585	-	(53,585)
Special Transfer Payments	180	518	698	76	(622)
<b>HOUSING REVENUE ACCOUNT</b>	<b>35,701</b>	<b>91,711</b>	<b>127,412</b>	<b>25,844</b>	<b>(101,568)</b>

- 6.4. The underspend set out above has a corresponding impact on the associated funding of the HRA capital programme with levels of borrowing, use of reserves, use of Major Repairs Reserve balances, and use of capital receipts all seeing under-utilisation against approved budget. Details of the funding of the capital programme are set out below:

**Table 6 – Housing Revenue Account Capital Funding**

	Original Budget 2020/21 (£,000's)	Budget Adjusts 2020/21 (£,000's)	Revised Budget 2020/21 (£,000's)	Outturn 2020/21 (£,000's)	Variance 2020/21 (£,000's)
GLA Funding	3,500	6,500	10,000	-	(10,000)
Revenue/ Use of Reserves	14,445	-	14,445	-	(14,445)
Major Repairs Reserve	12,506	-	12,506	12,100	(406)
1-4-1 Capital Receipts	-	21,823	21,823	6,147	(15,676)
Borrowing: Affordable Housing	-	-	-	7,597	7,597
Property Acquisition	5,250	63,388	68,638	-	(68,638)
	<b>35,701</b>	<b>91,711</b>	<b>127,412</b>	<b>25,844</b>	<b>(101,568)</b>

- 6.5. As with the General Fund capital programme, the £102m underspend on HRA capital in 2020/21 is being considered by the Capital Programme Board for approval to roll-forward these underspends into the 2021/22 originally approved programme.
- 6.6. Whilst a final recommendation has yet to be agreed by that Board, all underspends in 2020/21 are currently assumed to roll forward to supplement the originally agreed 2021/22 budgets
- 6.7. Finance comments have been provided throughout this report.

Approved by Chris Buss, Interim 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 interim Director of Law and Governance that the Council is under a statutory duty, as set-out in Section 31A of the Local Government Finance Act 1992, to ensure that it maintains a balanced budget and to take any remedial action as required in year.
- 7.2. The Council is required by section 151 of the Local Government Act 1972 to make arrangements for the proper administration of its financial affairs. The Council's Chief Finance Officer has established financial procedures to ensure the Council's proper financial administration. These include procedures for budgetary control.
- 7.3. It is consistent with these arrangements for Cabinet to receive information about the revenue and capital budgets, as set out in this report, for which the recommendations at 1.1 to 1.5 are to be noted.

7.4. The monitoring of financial information is a significant contributor to meeting the Council's Best Value legal duty and therefore this report also complies with that legal obligation.

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

## **8. HUMAN RESOURCES IMPACT**

8.1. There are no specific human resources impacts contained in this report.

## **9. EQUALITIES IMPACT**

9.1. There are no specific human resources impacts contained in this report.

## **10. ENVIRONMENTAL IMPACT**

10.1. There are no specific environmental impacts contained in this report.

## **11. CRIME AND DISORDER REDUCTION IMPACT**

11.1. There are no specific crime and disorder impacts contained in this report.

## **12. DATA PROTECTION IMPLICATIONS**

12.1. There are no specific data protection impacts contained in this report.

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**CONTACT OFFICER:** Matthew Davis, Deputy Section 151 Officer

**APPENDIX:** Appendix 1 – 2020/21 Capital Budget and Outturn

**BACKGROUND PAPERS:** None

## APPENDIX 1

	2020/21 Capital Budget and Outturn					Roll Fwd Requests 2021/22 (£,000's)
	Original	Budget	Revised			
	Budget	Adjusts	Budget	Outturn	Variance	
	2020/21	2020/21	2020/21	2020/21	2020/21	
(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)	
Adults ICT	-	284	284	-	(284)	284
Adult Social Care Provision	100	46	146	142	(4)	4
Bereavement Services	-	900	900	254	(646)	646
Disabled Facilities Grant	2,400	2,013	4,413	2,440	(1,973)	1,973
Provider Services - Extra Care	500	-	500	-	(500)	500
Sheltered Housing		938	938		(938)	938
<b>Health, Wellbeing &amp; Adults</b>	<b>3,000</b>	<b>4,181</b>	<b>7,181</b>	<b>2,836</b>	<b>(4,345)</b>	<b>4,345</b>
Education - Fire Safety Works	1,000	-	1,000	39	(961)	961
Education - Fixed Term Expansions	59	2,418	2,477	584	(1,893)	1,893
Education - Major Maintenance	2,882	5,020	7,902	3,253	(4,649)	4,474
Education - Miscellaneous	1,444	(794)	650	106	(544)	544
Education - Permanent Expansion	1,091	(678)	413	253	(160)	160
Education - Secondary Estate	-	-	-	47	47	-
Education - SEN	18,807	(3,160)	15,647	13,165	(2,482)	2,482
Education - SEN Centre of Excellence	-	-	-	-	-	-
Early Help Centre	-	-	-	73	73	-
Education - Other	-	-	-	55	55	-
<b>Children, Families and Education</b>	<b>25,283</b>	<b>2,806</b>	<b>28,089</b>	<b>17,575</b>	<b>(10,514)</b>	<b>10,514</b>
Affordable Housing Programmes	40,000	(40,000)	-	-	-	-
Allotments	-	332	332	23	(309)	309
Brick by Brick programme	75,510	492	76,002	9,852	(66,150)	20,000
Community Ward Budgets	576	1,272	1,848	232	(1,616)	1,616
CALAT Transformation	-	619	619	223	(396)	396
Devolution initiatives	912	(912)	-	-	-	-
Electric Vehicle Charging Points	2,400	(1,200)	1,200	-	(1,200)	1,200
Empty Homes Grants	500	-	500	600	100	(100)
Feasibility Fund	330	20	350	175	(175)	175
Fieldway Cluster (Timebridge Community Centr	-	5,204	5,204	2,302	(2,902)	2,902
Fiveways junction	-	-	-	-	-	-
Growth Zone	15,000	(8,327)	6,673	2,463	(4,210)	4,210
Grounds Maintenance Insourced Equipment	1,500	(1,500)	-	-	-	-
Highways - maintenance programme	6,000	-	6,000	4,993	(1,007)	300
Highways - maintenance programme (staff rect	567	-	567	-	(567)	567
Highways - flood water management	565	151	716	430	(286)	286
Highways - bridges and highways structures	575	423	998	857	(141)	141
Highways - Tree works	299	(117)	182	277	95	-
Measures to mitigate travellers in parks and op	-	-	-	-	-	-
Museum Archivess	-	-	-	-	-	-
Leisure centres equipment upgrade	-	488	488	-	(488)	488
Libraries Investment - General	650	1,405	2,055	1,751	(304)	304
South Norwood Library	-	522	522	10	(512)	512
Neighbourhood Support Safety Measures	50	-	50	-	(50)	50
New Addington wellbeing centre	3,000	(1,525)	1,475	496	(979)	979
Parking	2,825	113	2,938	12	(2,926)	2,926
Park Life	-	412	412	31	(381)	381
Play Equipment	-	730	730	23	(707)	707



APPENDIX 1	2020/21 Capital Budget and Outturn					Roll Fwd Requests 2021/22 (£,000's)
	Original	Budget	Revised			
	Budget	Adjusts	Budget	Outturn	Variance	
	2020/21	2020/21	2020/21	2020/21	2020/21	
	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)	
Safety - digital upgrade of CCTV	250	654	904	-	(904)	904
Section 106 Schemes	-	4,973	4,973	299	(4,674)	4,674
SEN Transport	1,460	-	1,460	1,446	(14)	14
Signage	-	25	25	-	(25)	25
South Norwood & Kenley Good Growth	-	-	-	48	48	(48)
Sustainability Programme	2,500	(1,875)	625	-	(625)	625
TFL - LIP	2,462	(2,462)	-	3,419	3,419	-
Unsuitable Housing Fund	-	30	30	16	(14)	14
Walking and cycling strategy	750	125	875	-	(875)	-
Waste and Recycling Investment	-	1,558	1,558	-	(1,558)	1,558
Waste and Recycling - Don't Mess with Croydor	768	-	768	178	(590)	590
Schemes with completion date prior to 2020/21	-	-	-	158	158	(158)
<b>Place</b>	<b>159,449</b>	<b>(38,370)</b>	<b>121,079</b>	<b>30,314</b>	<b>(90,765)</b>	<b>46,547</b>
Asset Strategy - Stubbs Mead	-	200	200	34	(166)	166
Asset Strategy Programme	-	770	770	-	(770)	770
Asset Acquisition Fund	100,000	(100,000)	-	415	415	415
Clocktower Chillers	-	-	-	-	-	-
Corporate Property Programme	2,000	682	2,682	434	(2,248)	2,248
Crossfield (relocation of CES)	-	-	-	146	146	(146)
Emergency Generator (Data Centre)	-	-	-	-	-	-
Feasibility Fund	-	-	-	-	-	-
Finance and HR system	-	955	955	757	(198)	198
ICT Refresh & Transformation	6,200	187	6,387	3,402	(2,985)	2,985
MHCLG Code Sharing Project	-	-	-	167	167	-
People ICT	2,014	7,128	9,142	3,253	(5,889)	5,994
Uniform ICT Upgrade	3,600	(3,600)	-	105	105	-
<b>Resources</b>	<b>113,814</b>	<b>(93,678)</b>	<b>20,136</b>	<b>8,713</b>	<b>(11,423)</b>	<b>12,630</b>
<b>GENERAL FUND</b>	<b>301,546</b>	<b>(125,061)</b>	<b>176,485</b>	<b>59,438</b>	<b>(117,047)</b>	<b>74,036</b>

# Agenda Item 7

<b>REPORT TO:</b>	<b>Cabinet</b> <b>12th July 2021</b>
<b>SUBJECT:</b>	<b>Croydon's General Fund Medium Term Financial Strategy (MTFS) Update</b>
<b>LEAD OFFICER:</b>	<b>Chris Buss, Interim Director of Finance , Investment and Risk</b>
<b>CABINET MEMBER:</b>	<b>Leader Hamida Ali – Leader of Croydon Council</b> <b>Councillor Stuart King – Cabinet Member for Croydon Renewal</b> <b>Councillor Callton Young – Cabinet Member for Resources and Financial Governance</b>
<b>WARDS:</b>	<b>All</b>
<b>CORPORATE PRIORITY/POLICY CONTEXT:</b> 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 initial update of 2021/22 for the new three MTFS from 2022/23 to 2024/25	
<b>FINANCIAL SUMMARY:</b> The report builds on the 8 <sup>th</sup> March 2021 Council Budget Report that requested approval of the 21/22 budget and also detailed the financial position over the next two following years. This report adds an extra year now that the 21/22 budget has been set and therefore presents the budget position for 2022/23 to 2024/25	
<b>FORWARD PLAN KEY DECISION REFERENCE</b> No Key Decisions.	
The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below	
<b>1.0 RECOMMENDATIONS</b> It is recommended that Cabinet:	
1.1. Note the unaudited closing reserve balance for 2020/21 being brought forward to 2021/22.	
1.2. Notes that this report now includes a projection for Budget Position in 2024/25 and also notes Budget Gap for Financial Years 2022/23 to 2024/25.	
1.3. Notes that the Council will not receive any confirmation from MHCLG on its £25m request for Capitalisation Direction for 2022/23 until later in this financial year. The budget gap	

without any capitalisation direction stands at £63.27m for 2022/23 assuming that proposed savings agreed in March 2021 are agreed of £24million

- 1.4. To note that the Budget for 2022/23 to 2024/25 is projected based on Council Tax growth being 1.99% for general increase and 2% growth in the Council Tax Base. No increases in Business Rate growth assumed.
- 1.5. To note that a further Budget Update report will be brought to Cabinet in November 2021.

## **2.0 Executive Summary**

- 2.1 This report provides for an indicative position for the next 3 years of the Medium Term Financial Plan. As indicated within the March 2021 Budget Report to Council, Croydon's Budget for 2021/22 had been set on the backdrop of local challenges making its successful financial management one of the most difficult tasks in local government. This report expands on challenges faced by the Council in managing the budget for the financial year 2021/22, and gives an update on projections for 2022/23 to 2024/25
- 2.2 2020/21 was a very challenging financial year during which the council was placed under two Section 114 notices by the former Section 151 officer until MHCLG confirmed a £70m capitalisation direction for 2021/22 and further £50m for 2021/22. The Capitalisation Direction allowed the Council to borrow to fund the financial gaps for both years and ensure it can continue to deliver the services to its community and meant that the Section 114 notice lapsed. However, the Council has continued to operate the rigour of spending control processes to instil a new rigour in its financial management practice.
- 2.3 The Capitalisation Direction will need to be paid back over a 20 year period and will incur interest charge at 1% above Public Works Loan Board (PWL) rates.

## **3.0 2020/21 Outturn**

- 3.1 This section provides a summary on the Council's 2020/21 outturn position and a summary on the progress of the 2021/22 Budget as reported within the Financial Performance report.
- 3.2 The Cabinet Agenda for 12<sup>th</sup> July 2021 includes detailed reports on the 2020/21 Outturn
- 3.3 The Council is still working with the external auditor on finalising the 2019/20 audit of accounts and is in the process of completing the 2020/21 draft statement of accounts.
- 3.4 The outturn for the General Fund is showing a £65.8m variance to budget – a £1.5m improvement on the forecast reported for Period 11 – and within the approved £70m Capitalisation Direction request to the Ministry for Housing, Communities and Local Government (MHCLG). The Council will therefore be capitalising the net £65.8m under that direction. The 2021/22 Budget



accounted for capitalisation at £70m and therefore as the Council now needs less it will create a benefit as the Council will incur slightly lower interest and Minimum Revenue Provision costs. The outturn is subject to audit.

#### **4.0 Croydon Renewal Plan**

- 4.1 The Council's submission for the original Capitalisation Direction, contained the Croydon Renewal Improvement Plan, to fundamentally transform how the council operated and governed itself Council Operations and deliver on the many recommendations set out by various key stakeholders in public reports.
- 4.2 The 'Croydon Renewal and Improvement Plan - Performance Reporting Framework & Measures Report' presented to Cabinet in June 2021 provided an initial progress update on the delivery of the Renewal Plan.
- 4.3 Whilst the Renewal Plan is a holistic corporate change programme for the Council, it plays a critical role in delivering the key activities that will strengthen the Council's finances. One key programme within the Renewal Plan is the delivery of the MTFs with the focus on delivery of the agreed savings being an absolute priority and to ensure the Council delivers a balanced MTFs.
- 4.4 This report provides the update under this MTFs banner within the Renewal Plan. It should be noted that this report is being provided within 3 months of the Council's budget therefore a preliminary MTFs as more details will come to light during the year.

#### **5.0 Local Government Economic Impacts**

- 5.1 The 2021/22 local government finance settlement was for one year only and was based on the Spending Review 2020 (SR20) funding levels. As the funding settlements are for one year it makes longer term financial planning difficult due to uncertainty over government support. The Medium Term Financial Plan presented to Council in March 2021 makes prudent assumptions on the Council's funding streams. This includes no increases in Government RSG funding, 2% growth in Council Tax rate, 2% increase in Council Tax base and no increase in Business Rates income. These assumptions will be refined at the next MTFs Budget Report to be presented to Cabinet in November 2021.
- 5.2 Whilst the Council makes prudent assumptions on its core income sources, there are considerable concerns about the impact Covid will have on the economy going forward, which will impact on the Council's finances. There are likely to be demand side and supply side pressures that the Council will face over the medium to longer term.
- 5.3 The Queen's Speech delivered on 11<sup>th</sup> May 2021 provided an indication of Government priorities for the new parliamentary session. Some of the highlights within the speech included the following:
- **Recovery from pandemic** – focusing on health and the economy, and further referencing the government's intention to 'level up'. The

intention is to return the public finances to a sustainable path once recovery is secure

- **Health and social care** – legislating to allow NHS to innovate and use technology, and to improve health and wellbeing with a focus of obesity and mental health. Social care reform proposals to be brought forward.
- **Investment in science, infrastructure and technology** – the government intends to lead in life sciences, jobs, and research and development investment, including via the proposed new Advanced Research and Invention Agency (ARIA). In addition, infrastructure investments will be made to improve ties across union, including through bus and rail, and 5G.
- **Environmental and planning issues** – intending to modernise the planning system, and end ground rents for new leasehold properties, whilst introducing a new building safety regulator. The intention to reach net zero by 2050 with legislation planned to set binding targets, as well as hosting the COP26 summit. The background briefing confirms a continued intention to standardise the approach to recycling across English local authorities.
- **Constitutional issues** – intending to ensure the integrity of elections, protect freedom of speech, and “restore” balance of power between executive, legislature, and courts. There would also be a strengthening of devolved government in Northern Ireland.
- **Security, foreign affairs and policing** – intentions to increase safety and security of citizens through sentencing bill, ensure timely administration of justice, and take measures for victims, including seeking to reduce violence. The speech also noted plans for increased spending for armed services, and the future of aid spending with a focus on effectiveness and soft power internationally.

5.4 Quite a few of these proposals will have a direct impact on Local Authorities and all will have an indirect impact. The MTFs currently does not plan for any impact from these proposals due to a lack of detail at this stage however it provides some considerations the Council will need to monitor and assess for financial implications over the coming months.

5.5 Currently various economic analyses are pointing towards inflationary pressures within the economy. The Council’s 2021/22 Budget has provided for 1.5% for pay inflation and 2% for contract inflation. However, if prices rises are considerably more than this, it could have an impact on Council’s finances. The Council’s approach to Adult Social Care and Children Social Care placements is prone to risk to inflationary pressures as the Council currently operates on a call off basis. This is under active review as part of the Renewal Plan actions.

5.6 Furthermore, recent reports within the hospitality sector are indicating severe staffing shortages and this is leading to wage inflation. Whilst these pressures are currently focused on the restaurant and travel industries the same pressures are likely to occur within the social care services. This will require regular monitoring for the current year. If prices rise above the projected inflationary increases this will add to future years financial pressures as the base at which prices increase will rise.

5.7 With the opening of the economy, more activity in local communities is generating some uplift in the Council's income sources, particularly around parking and planning income.

## **6.0 Medium Term Financial Planning**

6.1 The Council set a 3 year MTFS in March 2021 and this was the first time it had done so in over 3 years. 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 to be made in sufficient time to meeting those identified pressures .

6.2 Due to the Council's particular financial situation, it has been felt prudent to produce this update to the MTFS early into the new financial year. It is important that members are fully aware in the context of the risks to the delivery of this year's budget and the agreed MTFS overall, that whilst there has been considerable initial indication of savings delivery and changes in the macroeconomic climate in 2021/22 so far, there are various other unknowns that will require constant monitoring.

6.3 The medium term (years 2022/23 and 2024/25) 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 tax base. 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. These are all 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.

6.4 The MTFS position set out in this report is a draft position and has been updated using various assumptions as detailed within section 7. Further detailed work around Budget Development is ongoing within the Council and it is too early at this stage to reflect any specific details as such plans have not been fully validated.

6.5 The purpose of this budget position is to provide an indication of the financial gap that the Council needs to meet for 22/23 and beyond to ensure it sets a balanced budget.

6.6 The revised budgetary position for the next 3 years is detailed in Table 1. The position presented within Table 1 includes the application of the capitalisation direction as requested as part of the Council's submission to MHCLG in December 2020. On the assumption that the full capitalisation direction requested (£150m) is awarded; the budget position shows that the 2022/23 budget gap is £38.27m and a further gap of £22.132m in 2023/24. This assumes that existing budget savings agreed in March of £ £82.461m in 2021/22, £2.137m in 22/23 and £28.230m in 23/24 are delivered. However, it is projected that by 2024/25 the Council could have a balanced budget, once

all the budget gaps have been met through additional savings being identified and delivered.

**Table 1 – MTF5 2022/23 to 2024/25**

Department	Budget 21/22	Budget 22/23	Budget 23/24	Budget 24/25
	£M	£M	£M	£M
Children, Families and Education	116.401	111.792	109.573	109.573
Health, Wellbeing and Adults	147.295	143.469	140.843	140.843
Place	61.548	54.970	52.457	52.457
Resources	22.532	20.119	17.979	17.979
<b>Service Total</b>	<b>347.776</b>	<b>330.350</b>	<b>320.852</b>	<b>320.852</b>
Capital Financing Costs	42.150	43.121	41.136	41.136
Other Corporate Items	(60.505)	(18.690)	3.795	(0.267)
Revenue Support Grant	(14.205)	(14.489)	(14.779)	(15.075)
Business Rates	(67.120)	(70.529)	(72.013)	(73.545)
Council Tax	(198.096)	(206.486)	(213.582)	(217.854)
Capitalisation Direction	(50.000)	(25.000)	(5.000)	-
<b>Total Corporate Items</b>	<b>(347.776)</b>	<b>(292.073)</b>	<b>(260.443)</b>	<b>(259.606)</b>
Cumulative Budget Gap	-	38.277	60.409	55.248

- 6.7 If the capitalisation direction is not awarded in full, this will then result in an increased gap of up to £63.27m in 2022/23 and a further £2.13m gap in 2023/24 and a possible balanced position in 2024/25.
- 6.8 In order to meet the budget gap for 2022/23 the Council will need to find significant additional savings (amounting to £38.277) to the ones already identified and agreed by members in the March 2021 report. Work has commenced on both a council-wide top down and bottom up approach to delivering savings which are expected to be presented to Cabinet at its October 2021 meeting. Bridging this budget gap in 2022/23 will be extremely challenging in the light of the already agreed savings level.
- 6.9 It should be noted that the current budget and MTF5 has no scope for growth, unless growth has already been included within the budget as part of the reset undertaken as part of the current MTF5, any service growth will therefore need to be mitigated by additional budget reductions.

- 6.10 It should also be noted that any non-delivery of savings or forecast overspends by directorates in the 2021/22 budget will be required to be funded by that directorate and there will be no carry forward of pressures into future financial years.

## 7.0 Budget Planning Assumptions

### Grants

- 7.1 The MTFS continues to factor in the Revenue Support Grant at the current rate but uplifted by 2% to stay in line inflation target. All other grants have been assumed to be the same as per the 21/22 budget.

### Inflation

- 7.2 The MTFS 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. Additionally a number of council contracts are subject to indexation each year. The MTFS has provided a further 2% uplift for contractual 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 directorates in each financial year. It is recognised that in the current climate the inflation is a greater risk than in recent years and each 1% increase in inflation adds £5.23m to the general fund cost base across both staff pay and contract expenses.

### Council tax and Business Rates

- 7.3 The council tax change for the Croydon element of the charge for 2021/22 was **4.99%** which included a 3.0% increase for the Government's' adult social care precept and 1.99% general Croydon allowable increase. Table 2 below provides a reminder of the rates for Band D properties in Croydon.

**Table 2 – Local Taxation for 2021/22**

<b>Band D</b>	<b>2021/22</b>	<b>Increase</b>	<b>Annual Increase</b>	<b>Weekly Increase</b>
	<b>£</b>	<b>%</b>	<b>£</b>	<b>£</b>
Croydon	1,354.02	1.99%	28.9	0.56
Adult Social Care Precept	170.47	3.00%	43.56	0.84
<b>Total</b>	<b>1,524.49</b>	<b>4.99%</b>	<b>72.46</b>	<b>1.39</b>

- 7.4 The MTFS assumes a 2% increase in the Council Tax base and further 1.99% increase in the general increase allowable by Croydon. As a prudent measure the Council does not factor the Government's' adult social care precept increase as this scheme has not been announced for 2022/23 and beyond. The increase in council tax base is expected to result in £4.35m additional income and the 1.99% general increase is expected to result in an increase of £4.03m.
- 7.5 The 1.99% increase outlined in the paragraph above would see the annual charge on a Band D property increase by £26.94 per year for the General

Demand and equivalent to £0.52 per week for a Band D Council Tax payer. In addition, there will be the likely increase of GLA precept for its General and Metropolitan Police charges which will add to the overall Council Tax charge. However, the GLA increase will not impact on the Council's MTFs as the Council simply passports this across.

**Table 3 - Change in Council Tax charge 2022/23**

<b>Band D</b>	<b>2022/23</b>	<b>Increase</b>	<b>Annual Increase</b>	<b>Weekly Increase</b>
	<b>£</b>	<b>%</b>	<b>£</b>	<b>£</b>
Croydon	1,380.97	1.99%	26.94	0.52
Adult Social Care Precept	170.47	0%	0%	0%
<b>Total</b>	<b>1,551.44</b>	<b>1.99%</b>	<b>26.94</b>	<b>0.52</b>

7.6 The MTFs does not make any growth assumptions in regards to Business Rate Growth due the impact of the Covid pandemic and uncertainty as to the future of business rate pooling. Furthermore, the Council is still working through its 2020/21 year end accounts and depending on the surplus/deficit position of the Collection Fund, it will impact on the budgets for 2022/23 which will then also inform assumptions for the following two years of the MTFs.

#### **Directorate Assumptions 2022/23 budget**

7.7 Alongside the corporate assumptions that underpin the 2021/22 budget, work has been ongoing to ensure that directorate and service estimates are accurate. This is the key element of the budget where movement in resources between services can be identified. The savings and growth reflected are as a result of the budget saving work done during 20/21 which requested proposals for the MTFs cycle. Further work is ongoing to seek further savings proposals to plug the budget gaps for 2022/23 and 2024/25.

7.8 The working assumption is that there will not be a need for any further growth over the MTFs period as the Budget presented to Council in March 2021 provided for sufficient growth. The growth that is currently factored within the MTFs reflects both expected future pressures as well as historic budget correction requests. As part of the Budget Development sessions the current request for growth will also be reviewed and challenged and further opportunities will be sought to make savings.

7.9 The Council has set up a Programme Delivery Steering Board that will oversee the delivery of these savings over the course of 2021/22. Each saving options has a designated Project Manager (PM) and a Senior Responsible Officer (SRO) who will be held accountable to deliver the savings assigned to them. This approach is yielding a positive outcome as a large proportion of the savings set for 2021/22 are fully on track to be delivered. The savings identified with risks to their delivery are closely monitored.

#### **Capital programme**

7.10 The MTFs assumes that all future capital expenditure not in the current General Fund capital programme will be funded from sources other than borrowing. The Council will therefore need to generate Capital Receipts from

asset sales to fund any new Capital schemes in order to avoid additional revenue pressures.

## **8.0 Reserves**

- 8.1 The Council will, subject to the 2019/20 external audit, start 2021/22 with £27.48m reserves, the draft 19/20 accounts had a general reserve of £7.48million which after correction has been reduced. This provides a much stronger support for the Council to act on future risks and challenges.
- 8.2 Part of the approved capitalisation direction request in 2020/21 contained provision to bolster general reserves by a further £15.0m in order to provide sufficient resilience to meet future risks and challenges. The 2021/22 base budget has £10m of contributions to reserves and the MTFs provides for a further £5m of reserves contribution in 2022/23 and a further £5m in 2023/24. This will result in a total of additional £45m in reserves by the end of 2023/24 which should leave a General Fund Reserve balance of £72.5m.
- 8.3 Should no further drawdowns take place, the balance of £72.5m will provide sufficient balances to meet future risks and challenges. It is important that the Council ensures that reserve balances are used for emergency scenarios only and that if and when such drawdowns from the General Reserve do take place these are replenished immediately.

## **9.0 Summary and Conclusions**

- 9.1 As all Members are aware, setting a MTFs that is robust, balanced and deliverable has been extremely challenging particularly as the Council has only recently come out of a S114 Notice and has had to deal with very significant historic financial management issues. This has involved a number of difficult decisions for the Council and a lot of work has gone into rebuilding the budget to deal with those historic issues. The Council faces increasingly challenging choices over the medium 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.
- 9.2 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 reported to Cabinet as part of the monthly Financial Performance Reports and will be factored into the next MTFs update which will be provided later during the year.

## **10.0 Financial Considerations**

- 10.1 The report provides an update on the Council's MTFs for years 2022/23 to 2024/25. Finance comments have been provided throughout the report.

Approved by Chris Buss, Interim Director of Finance, Investment and Risk & S151 Officer

## **11.0 Legal Considerations**

- 11.1 The Head of Litigation and Corporate Law comments on behalf of the Director of Law and Governance that the recommendations within this report do not give rise to any direct legal implications as they are merely to note, however the Local Government Act 1972 (Section 151) requires that every local authority make arrangements for the proper administration of their financial affairs. In addition the Council must have a balanced and robust budget for the forthcoming financial year and also a 'medium term financial strategy (MTFS). This projects forward likely income and expenditure over at least three years. The MTFS ought to be consistent with the council's work plans and strategies.

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

## **12.0 Human Resources Impact**

- 12.1 Any proposal to support MTFS savings targets that are related to staffing will be managed in accordance with council policy and in line with consultation requirements with our recognised trade unions and staff.

Approved by: Sue Moorman – Director of Human Resources

## **13.0 Equalities Considerations**

- 13.1 Under the Public Sector Equality Duty of the 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.

- 13.2 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.

- 13.3 As a result, budget proposals will be subject to the Council's own equality impact analysis processes (EIA), as part of a risk-based approach to ascertain potential equalities impact of budget proposals. Budget holders will need to identify proposals that 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.



Approved by Yvonne Okiyo, Equalities Manager

**14.0 Environmental Impact**

14.1 There are no direct environmental considerations arising from this report.

**15.0 Crime and Disorder Reduction Impact**

15.1 There are no savings which should impact upon this.

**16.0 Reasons for Recommendations/Proposals**

16.1 The council has a duty to set a balanced budget and therefore the proposals set out in the report achieve this duty.

**17.0 Options Considered and Rejected**

17.1 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 AUTHOR AND CONTACT:** Nish Popat, Interim Head of Corporate Finance

**BACKGROUND DOCUMENTS:** None

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## Croydon Council

<b>REPORT TO:</b>	<b>CABINET 12 July 2021</b>
<b>SUBJECT:</b>	<b>Housing Ombudsman Self Assessment and Complaint Handling Failure Order</b>
<b>LEAD OFFICER:</b>	<b>Chris Buss, Interim Director of Finance, Investment &amp; Risk</b>
<b>CABINET MEMBER:</b>	<b>Councillor Patricia Hay-Justice, Cabinet Member for Homes</b>
<b>WARDS:</b>	<b>All</b>
<b>COUNCIL PRIORITIES 2020-2024</b>	
To comply with The Housing Ombudsman (HO) complaint handling code and the recommendations of The Complaint Handling Failure Order issued by the HO.	
<b>FINANCIAL IMPACT:</b> None by way of financial penalty	
<b>FORWARD PLAN KEY DECISION REFERENCE NO.:</b> 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

- 1.1 The Cabinet is asked to approve the contents of the Housing Complaints Self Assessment, as per Appendix 1, in order for the assessment to be publicised on the Local Authority website.

### 2. EXECUTIVE SUMMARY

- 2.1 In July 2020 the HO issued a new complaints handling code which was published on their website and sent to all member landlords around the country. The full code can be found in Appendix 2
- 2.2 The self assessment section of the new complaints handling code states as follows:

#### **Self-assessment**

The Ombudsman expects landlords to carry out regular self-assessment against the Code and take appropriate action to ensure their complaint handling is in line with the Code. This assessment should be completed by 31 December 2020.

The Ombudsman expects landlords to report the outcome of their self-assessment to their board members. In the case of local authorities, self-assessment outcomes should be reported to elected members.

The Ombudsman expects landlords to publish the outcome of their assessments. The Ombudsman may request sight of the assessment and evidence in support. The Ombudsman may require landlords to periodically repeat the self-assessment, for example following any amendments to the Code or significant change to the landlord organisational structure.

- 2.3 The self assessment was completed by Kim Hyland, Interim Complaints Manager in November 2020, following discussions with the resident access officers.
- 2.4 In late 2019, a scrutiny exercise was completed by the Residents Housing Review Panel in regards to the Complaints procedure, which resulted in some changes being made. This was included in our self assessment.
- 2.5 Once completed, there were some actions noted for positive development over the coming 12 months, with a guideline for completion by the end of 2021.
- 2.6 The self assessment did not have to be provided to the Ombudsman as evidence of completion.
- 2.7 The self assessment was not presented to members, given that our attendance at the Overview and Scrutiny Committee had been postponed on numerous occasions. The intention was to present the self assessment as an appendix to the scrutiny report, and request for approval.
- 2.8 The self assessment was not published on the website, as the approval of members had not yet been obtained.
- 2.9 On 10 May 2021 the Ombudsman made a request to view the self assessment that had been completed and asked why this had not been published on the Local Authority website.
- 2.10 The self assessment was provided to the Ombudsman, along with an explanation as to why the assessment had not yet been published.
- 2.11 Following this the Ombudsman contacted the Complaints Manager on 17 May 2021 and requested that a meeting was scheduled in order for us to discuss the assessment. A meeting was scheduled for 9 June. The Ombudsman stated that there were no actions that needed to be taken in advance of the meeting and that this was an informal chat.
- 2.12 On 27 May 2021 the Ombudsman again made contact with the Complaints Manager to advise that they were considering issuing the Local Authority with a Complaint Handling Failure Order if they were not provided with a sufficient explanation as to the delay in publication by the end of the working day.
- 2.13 The Complaints Manager contacted the Ombudsman and discussed the situation with them, whereby the Complaints Manager was advised that they were happy

with the explanation and would feed this back to their manager and they would discuss further with the Complaints Manager on 9 June 2021. The Ombudsman also stated that the contents of the self assessment were sufficient.

2.14 The Ombudsman contacted the Complaints Manager the same afternoon to advise that they had decided to issue the order.

2.15 The Complaints Manager highlighted to the Ombudsman that the new complaints handling policy states that 'in all cases the Ombudsman will provide the landlord with details of the presenting issue and provide an opportunity for the landlord to rectify this before a complaint handling failure order is made'. This was acknowledged by the Ombudsman.

2.16 On 28 May 2021 the Ombudsman wrote to the Complaints Manager stating:

*The Ombudsman has taken your points into consideration but believes that there remains an unreasonable delay, that cannot be rectified, in taking the self-assessment through governance to test its robustness and demonstrate support for a positive complaints handling culture and therefore a CHFO is merited. The Ombudsman has come to this conclusion for the following reasons:*

- *While the Code does not specify a timescale for when the self-assessment should have gone through governance, it is now the end of May 2021. The Code was published on 1 July 2020, containing this requirement, and the self-assessment deadline was 31 December.*
- *Even were the self-assessment to be taken to governance now, the time elapsed remains a failure in compliance with the Code.*

2.17 The Complaint Handling Failure Order (CHFO) was issued on 28 May 2021. This can be found in Appendix 3.

2.18 The Complaints Manager has liaised with the new Executive Director of Housing, Alison Knight, and Director of Housing Yvonne Murray, in regards to the contents of the self assessment.

2.19 Some further updates have been made to the assessment to include the upgrade of the new Complaints Recording system, actions taken as a result of complaints and improvements made in Housing in recent months.

### **3. CONCLUSION**

3.1 The HO concluded there had been a complaint handling failure due to the delay in the presentation of the self assessment to members and publication on the Local Authority Website.

3.2 The action required as stated on the Complaint Handling Failure Order is:

*The Ombudsman requires the landlord to present its full and final self-assessment to its elected members, and publish this on its website, by 31 August 2021.*

- 3.3 The Complaints Manager has liaised with the Director and Executive Director as to the contents of the assessment.
- 3.4 The self assessment is to be presented to cabinet members in July 2021 and approval for publication requested.
- 3.5 Once approved the self assessment will be published on the Local Authority website.

#### **4. ACTIONS TAKEN BY CROYDON COUNCIL**

- 4.1 Complaints Manager has discussed the self assessment with Executive Director of Housing.
- 4.2 Updates have been made to the self assessment to incorporate changes made between November 2020 and June 2021.
- 4.3 The Complaints Manager has met with the Housing Ombudsman to discuss the order and how improvements can be made to improve complaint handling within the organisation for both staff and residents.
- 4.4 Complaints Manager has requested a link officer within the Housing Ombudsman, in line with the Local Government and Social Care Ombudsman.

#### **5. LESSONS LEARNT, IMPROVEMENT AND PREVENTION**

- 5.1 Complaints Manager to ensure compliance across the organisation to the complaint handling code.
- 5.2 Training has been requested from the Housing Ombudsman for staff throughout the wider organisation.
- 5.3 Complaints Manager to attend the next Housing Ombudsman webinar in September 2021.
- 5.4 Future housing complaint reports to be presented at Streets, Environment & Homes Scrutiny Sub-Committee to ensure Member oversight.

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**CONTACT OFFICER:** Chris Buss, Director of Finance, Investment and Risk

**APPENDICES TO THIS REPORT:** Appendix 1 – Self Assessment  
Appendix 2 – Housing Ombudsman’s Complaint Handling Code  
Appendix 3 – Complaint Handling Failure Order

**BACKGROUND DOCUMENTS:** None

**The Housing Ombudsman has issued a new Complaint Handling Code intended to enable landlords to resolve complaints raised by their residents quickly and to use the learning from complaints to drive service improvements. It will also drive greater consistency across landlords' complaint procedures.**

**The key elements of the new Code which local authority landlords will be required to follow include:**

Universal definition of a complaint

The structure of the complaints procedure - only two stages are necessary and clear timeframes must be set out for responses

Ensuring fairness in complaint handling with a resident-focused process

Taking action to put things right and appropriate remedies

Creating a positive complaint handling culture through continuous learning and improvement

Demonstrating learning in Annual Reports.

Providing easy access to the complaints procedure and ensuring residents are aware of it, including residents' right to access the Housing Ombudsman Service

**Ombudsman new provisions - from September 2020**

A new power that allows the Housing Ombudsman to issue complaint handling failure orders when a complaint gets stuck in the landlord's process or where landlords do not provide evidence requested by the Ombudsman in a timely manner.

A 'severe maladministration' finding to clarify the range of determinations from service failure to maladministration to severe maladministration.

A more proactive approach in identifying possible systemic failure and to undertake further investigation either into an individual landlord or sector-wide issues.

Developing a new complaint handling code to achieve greater consistency across landlords' complaint procedures.

**Importantly and for the first time, Croydon as landlords, will need to self-assess against the Code by 31 December 2020 and publish the results**

Compliance with the Complaint Handling Code						
	Yes	No	Information	Action	Owner	By when
1						
1.1		x	The definition in the Complaints Policy 2020 is an expression of dissatisfaction with the Council, however made, whether justified or not	No action needed. Our definition incorporates all scenarios, and is simple and clear. There is further guidance in the policy		
1.2	x		See Appendix A - Complaints Policy 2020 - Section 5			
1.3	x		See Appendix A - Section 5			



2. Accessibility		Yes	No	Information	Action	Owner	By when
2	Accessibility						
2.1	Are multiple accessibility routes available for residents to make a complaint?		x	Customers may make a complaint by telephone to any member of staff, via letter to the Complaints Team, Email to any service, in writing, in person or online via the online form. The link to the online form is <a href="https://www.croydon.gov.uk/democracy/feedback/complaints-procedure/customer-feedback-and-complaints-form">https://www.croydon.gov.uk/democracy/feedback/complaints-procedure/customer-feedback-and-complaints-form</a> .			
2.2	Is the complaints policy and procedure available online?		x	<a href="https://www.croydon.gov.uk/democracy/feedback/complaints-procedure/policy">https://www.croydon.gov.uk/democracy/feedback/complaints-procedure/policy</a>			
2.3	Do we have a reasonable adjustments policy?		x	We do not have a reasonable adjustments policy relating specifically to complaints. We do however always consider the needs of the resident in making complaints accessible. There are many examples of complainants using advocates to assist them, we have had an audio request sent on the request of a blind resident, have used translaors and had responses translated into different language	To confirm the existence of and/or assess the need for a specific reasonable adjustment policy	KH	Summer 2021
2.4	Do we regularly advise residents about our complaints process?		x	Residents are advised on the escalation process at every stage of the complaints process. A complaints scrutiny was completed in July 2019 by The Housing Panel, it was felt that there was not enough promotion where feedback received indicated that some of the processes need to be made simpler and there needed to be greater promotion of the complaints process. A	*Leaflet orders to be progressed and distributed once Covid restrictions are listed *KH to attend Housing Panel meeting when resumed *KH to attend a residents housing meeting with Chris Stock, Resident Engagement Officer	KH	Spring/Summer 2021

3. Complaints team and process

	Yes	No	Information	Action	Owner	By when
3 Complaints team and process						
3.1 Is there a complaint officer or equivalent in post?	x		The Local Authority have a dedicated Complaints Team, comprising of a Manager and 4 Complaints Officers			
3.2 Does the complaint officer have autonomy to resolve complaints?		x	Complaints Officers are responsible for investigating any Stage 2 complaint received independently. As part of that investigation the officer can make recommendations to the service in regards to resolution and compensation.			
3.3 Does the complaint officer have authority to compel engagement from other departments to resolve disputes?	x		The Complaints Officer responsible for the investigation can engage any other service he/she feels necessary in the course of their investigations, and that they feel need to have input to resolve a complaint. The Complaints Manager and all officers have a good working relationship across the services.	To continue to develop service improvement meetings with high volume areas and to improve on working relationships and communications across the wider organisation	KH	For review Summer 2021
3.4 If there is a third stage to the complaints procedure are residents involved in the decision making?		x	There is no official 'Stage 3' process to any corporate complaint, however Croydon do have the Complaints Housing Panel whereby residents can refer their complaints for review. The findings of the panel will be taken into account.			
3.5 Is any third stage optional for residents?		x	The option for a complaint to be reviewed by the Housing Panel is for certain complaints that fall within the remit of the housing panel and not for all housing complaints. If a complaint falls within the remit then the inclusion of the option for the resident to ask for a housing panel hearing is included in the Stage 2 response, alongside the Ombudsman details			
3.6 Does the final stage response set out residents' right to refer the matter to the Housing Ombudsman Service?	x		A resident is always informed of their right to refer their complaint to the Ombudsman and the details of the Ombudsman provided.			
3.7 Do we keep a record of complaint correspondence including correspondence from the resident?	x		A new complaints management system was implemented in May 2021. This system provides greater accessibility to all staff on the oversight of complaints and enquiries. The new system has a greater reporting capacity for services to access themselves. Every complaint or enquiry received is logged onto the system - InFreemation - with a unique reference number. All correspondence between the resident and the Local Authority is attached onto the relevant record.			
3.8 At what stage are most complaints resolved?	x		Stage 1			

4.Communication		Yes	No	Information	Action	Owner	By when
4	Communication						
4.1	Are residents kept informed and updated during the complaints process?	x		Following a customer making a Stage 1 complaint, this is acknowledged within 5 working days. A Stage 2 will also be acknowledged within 5 working days. Often customers are spoken to during the course of a complaint investigation, and they are always informed if there is likely to be a delay			
4.2	Are residents informed of the landlord's position and given a chance to respond and challenge any area of dispute before the final decision?	x		Following a Stage 1 response, we encourage services to engage with the resident further if the resident is unhappy with the response that they have received, before a request for a Stage 2 complaint is made. In some cases a Stage 2 is made and before it is accepted the complaint is passed back to the service for further input to see whether the complaint can be resolved without the need for a Stage 2. A customer then has the chance to engage with the Complaints Team before their Stage 2 is investigated.			
4.3	Are all complaints acknowledged and logged within five days?	x		The Complaints box is staffed 9am-5pm Mon-Fri and all complaints received on a particular day are recorded within 24 hours. Complaints are also recorded by The Contact Centre and receiving services.			
4.4	Are residents advised of how to escalate at the end of each stage?	x		Every response at all stages of a complaint include the escalation process			
4.5	What proportion of complaints are resolved at stage one?	x		In the annual reporting period of 2019-2020 94% of complaints were resolved at Stage 1			
4.6	What proportion of complaints are resolved at stage two?	x		In the annual reporting period of 2019-2020 - Of those complaints which escalated to Stage 2, a further 68% were resolved at Stage 2			
4.7	What proportion of complaint responses are sent within Code timescales? Stage 1 Stage 2	x		In the annual reporting period of 2019-2020: Stage 1 - 87% were responded to within SLA Stage 2 - 68% were responded to within SLA			
4.8	Where timescales have been extended did we have good reason?	x		I am unable to provide exact data on this point, given that any reason for delay in response is not recorded on the complaints system and is therefore not reportable. I would say that wherever possible services will send responses on time. There will always be occasions when this is not possible for many reasons such as waiting for information from other sources, service resources at that time, service pressures or time needed to implement a remedy			
4.9	Where timescales have been extended did we keep the resident informed?	x		As above it is not a measurable target to see whether customers were contacted and informed of delays. We are aware that communication in the past has been a key area for improvement, but through regular communications with Departmental Complaints Officers and engagement of services via monthly improvement meetings and training sessions, the importance of keeping customers updated has been a priority area			
4.1	What proportion of complaints do we resolve to residents' satisfaction	x		Again, this is not measurable via any report we are able to do, however I think by looking at the numbers of complaints that are escalated through the process it can be seen that the majority of complaints are resolved to a residents satisfaction.			

5. Cooperation with Housing Ombudsman

	Yes	No	Information	Action	Owner	By when
5 Cooperation with Housing Ombudsman	x		The complaints team manage all Ombudsman queries and cases and work hard to make any deadlines set. I believe that we achieved a 100% compliance in implementing remedies in 2019-2020			
5.1 Were all requests for evidence responded to within 15 days?		x	The Ombudsman provides the Complaints Team with individual deadlines depending on the information they are requesting. The vast majority are answered within the deadline set and every effort is made to adhere to these timescales.			
5.2 Where the timescale was extended did we keep the Ombudsman informed?	x		It is always the case with any Ombudsman enquiry, that if we are unable to meet the deadline set we request an extension. A record of the request and the response and revised deadline date are all kept.			

5. Fairness in complaint handling

		Yes	No	Information	Action	Owner	By when
6	Fairness in complaint handling						
6.1	Are residents able to complain via a representative throughout?	x		If a resident would like to make a complaint via a representative we must have the residents written consent of this request. If this is received the complaint can progress via the usual process. It is quite common for complaints to be made on behalf of residents			
6.2	How many cases did we refuse to escalate?		x	It is rare for a customers request for escalation to be refused. We do not keep a record of numbers but we do issue responses to customers informing them of the reasons for refusal. This would usually be for one of the exclusion reasons mentioned within our Complaints Policy - See Appendix A Sec 5.1.			
6.3	What was the reason for the refusal?	x		See Appendix A - Section 5.1			
6.4	Did we explain our decision to the resident?	x		Yes, in all cases, if a decision to refuse and escalation is made the customer will be provided a full explanation in writing			

7. Outcomes and Remedies

		Yes	No	Information	Action	Owner	By when
7	Outcomes and Remedies						
7.1	Where something has gone wrong are we taking appropriate steps to put things right?	x		Following the recent complaints received in regards to Regina Road the following actions have been implemented: *There has been an increase in Tenancy engagement *Residents have been decanted from their properites *Meeting have taken place with the residents in order to discuss the issues they have been facing			
				*A deep clean of the building has taken place *Notices have been placed within tower blocks providing residents with information on how best to highlight any problems they are experiencing  *Residents have had any damaged possessions replaced *Communications between residents and the Local Authority have been improved			
				Improvement Plan *A housing compliance officer has been recruited			

8. Continuous improvement & learning

	Information	Action	Owner	By when
8	Continuous improvement & learning			
8.1	What improvements have we made as a result of learning from complaints? *Additional training has been provided on the complaints process as a whole, as well as making improvements in the quality of Stage 1 complaint responses. *Increased monthly service improvements meetings held	*Widen the scope of services	KH	Ongoing
8.2	How do we share these lessons with:			
	a) Residents  Increased liaison with residents via the Housing panel and a housing green paper consultation with a view to making it easier for residents to complain. Housing Panel undertook a scrutiny exercise to assist in streamlining the complaints process.	Complaints can be made face to face  Amendments made to online reporting to make it easier for residents to complete  Allow residents more time to complete the online form and increase characters available for input	b) the governing body/board	
	b) the governing body/board  A report is taken to members for scrutiny on a yearly basis  Detailed scrutiny meetings also take place when it has been recognised that things have gone wrong.	Update to complaints policy to include the Housing Complaints Panel for review of complaints A 2 year scrutiny report will be held in summer 2021 This self assessment will be presented to scrutiny as an appendix  Future housing complain reports to be presented at Streets, Environment & Homes Scrutiny Sub-Committee on a regular basis to ensure Member oversight	KH	Summer 2021
	c) in the annual report  Lessons and themes are reported on in the quarter and annual reports that are presented to management.	A review of the information presented to current management	KH	Summer 2021
8.3	Has the Code made a difference to how we respond to complaints?  Overall our complaint handling practices meet the standard of the Housing Ombudsman Code. Currently all of our corporate complaints have a 20 working day target response time. The code states that this should be 10 working days for housing complaints. Currently the service do not have the capabilities to meet reduced timescale targets for responses. Other considerations to be made following the issuing of the code include: reasonable adjustment policy, consideration of early advice to access the HO, and advancing into the realm of social media / app based complaints in the longer term.	Consideration to be given to a reduction in the 20 working day response target for housing complaints	KH/Management	Summer 2021
8.4	What changes have we made?  A new bespoke, user friendly complaints system has now been implemented. This is accessible to all staff at varying levels with enances reporting facilities available.  Creation of complaints leaflets for public access	Successful implementation of new system  Distribution of leaflets	KH  KH	Estimate Jan 2021  Spring/summer 2021
	What changes have we made?  Housing Improvement Plan implemented A full review of the current systems that in place within the Housing division. An annual review of the plan to take place. A recognition that the data available has not been analysed sufficiently, resulting in increased prevention work		Alison Knight, Executive Director, Housing	Ongoing

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# **Housing**

Ombudsman Service

# **The Housing Ombudsman's Complaint Handling Code**

**Published July 2020**

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## Part A

### 1. Introduction

Complaint handling performs an important strategic role for an organisation, providing vital intelligence on its health, performance and reputation. Data on complaint handling should be considered alongside other management information to provide assurance and assess risks.

The Ombudsman's Complaint Handling Code promotes the progressive use of complaints, providing a high-level framework to support effective handling and prevention alongside learning and development. The Code ensures complaint handling data is being used consistently across landlord members, promotes engagement at different levels within a landlord and sets out expectations for boards or equivalent governance, senior executives and frontline staff.

For boards or equivalent governance, the Code supports culture setting and intelligence for assurance exercises, using complaint data alongside other management information on stock, services and customer feedback to provide insight into their organisation. It is important for governance to understand the complaints their organisations are receiving and the impact of their complaint handling on residents.

For chief executives and senior managers, the Code supports learning from complaints and promotes the open and transparent use of information to assess performance and risks.

For operational staff, the Code supports excellent complaint handling and engagement with the Ombudsman. If the requirements of the Code cannot be delivered this should prompt discussion about what needs to change.

Information on complaints can provide essential insight for governance and should include, although not necessarily be limited to:

- Regular updates on the volume, category and outcome of complaints, alongside complaint handling performance including timely compliance with the Ombudsman's orders
- Review, at least once a year, of issues and trends arising from complaint handling, including discussion of the Ombudsman's yearly landlord performance report and the inclusion of any organisational learning in the landlord's Annual Report
- Consideration of individual complaint outcomes where necessary, including findings of severe maladministration of the Ombudsman or any referrals by it to regulatory bodies, including scrutiny of any subsequent procedural or organisational changes
- Confirmation that the Complaint Handling Code is being applied.

Compliance with the Code forms part of the membership obligations set out in the Housing Ombudsman Scheme. Landlords should comply with the requirements of the Code. The Code should be read in conjunction with the Scheme.

Landlords are encouraged to promote the Code and to share the outcome of their self-assessment with residents.

## 2. Purpose

The purpose of the Code is to enable landlords to resolve complaints raised by their residents quickly and to use the learning from complaints to drive service improvements. It will also help to create a positive complaint handling culture amongst staff and residents.

Some landlords see complaints as a form of negative feedback. In fact, there are many benefits to be gained from having an effective, efficient complaints process:

- Complaints allow an issue to be resolved before it becomes worse. Those not resolved quickly can take significant resource and time to remedy
- Involvement in complaint resolution develops staff decision-making and engagement
- Complaints provide senior staff with a window into day-to-day operations allowing them to assess effectiveness
- Good complaint handling promotes a positive landlord and resident relationship.

The Ombudsman's Complaint Handling Code sets out requirements for member landlords that will allow them to respond to complaints effectively and fairly.

While member landlords must comply with some elements of the Code, the Ombudsman recognises that each landlord will need to adapt its complaints policy and processes to meet the needs of its residents. Consequently, there are some areas where a landlord can use its discretion. The Code seeks to be prescriptive only where the Ombudsman believes clear and consistent practice by all landlords is essential. Landlords will be asked to self-assess against the Code on a comply and explain basis. Non-compliance could result in the Ombudsman issuing complaint handling failure orders. Separate guidance on these orders has been published by the Ombudsman.

The Code will act as a guide for residents setting out what they can and should expect from their landlord when they complain. The requirements in the Code also provide residents with information about how to make a complaint and how to progress it through the landlord's internal complaints procedure.

The Code supports the regulatory approach to complaints ensuring that a landlord's approach to complaints is clear simple and accessible and ensures that complaints are resolved promptly, politely and fairly.

## Part B

### The Code

1. Definition of a complaint
2. Accessibility and awareness
3. Complaint team, procedure, timeliness and responsiveness
4. Fairness in complaint handling
5. Putting things right
6. Continuous learning and improvement

#### 1. Definition of a complaint

- 1.1. Effective complaint handling should be a resident friendly process that enables residents to be heard and understood. The starting point for this is a mutual understanding of what constitutes a complaint.
- 1.2. A complaint shall be defined as *an expression of dissatisfaction, however made, about the standard of service, actions or lack of action by the organisation, its own staff, or those acting on its behalf, affecting an individual resident or group of residents.*
- 1.3. The resident does not have to use the word complaint in order for it to be treated as such. Landlords should recognise the difference between a service request (pre-complaint), survey feedback and a formal complaint and take appropriate steps to resolve the issue for residents as early as possible.

#### Exclusions

- 1.4. A landlord shall accept a complaint unless there is a valid reason not to do so.
- 1.5. A complaints policy shall clearly set out the circumstances in which a matter will not be considered and these circumstances should be fair and reasonable to residents. For example:
  - The issue giving rise to the complaint occurred over six months ago. Where the problem is a recurring issue, the landlord should consider any older reports as part of the background to the complaint if this will help to resolve the issue for the resident. (N.B. it may not be appropriate to rely on this exclusion where complaints concern safeguarding or health and safety issues.)
  - Legal proceedings have been started. Landlords should take steps to ensure that residents are not left without a response for lengthy periods of time, for example, where a letter before action has been received or issued but no court proceedings are started or settlement agreement reached.

- Matters that have already been considered under the complaints policy.
- 1.6. If a landlord decides not to accept a complaint a detailed explanation should be provided to the resident setting out the reasons why the matter is not suitable for the complaints process.
  - 1.7. A resident has the right to challenge this decision by bringing their complaint to the Ombudsman. Where appropriate the Ombudsman will instruct the landlord to take on the complaint.

## 2. Accessibility and awareness

- 2.1. Landlords shall make it easy for residents to complain, by providing different channels through which residents can make a complaint.
- 2.2. Where a landlord has set up channels to communicate with its residents via social media, such as Facebook and Twitter, then it should expect to receive complaints via those channels. Policies should contain details of the steps that will be taken when a complaint is received via social media and how confidentiality and privacy will be maintained.
- 2.3. Landlords shall make their complaint policy available in a clear and accessible format for residents. This will detail the number of stages involved, what will happen at each stage and the timeframes for responding.
- 2.4. Landlords shall comply with the Equality Act 2010 and may need to adapt normal policies, procedures, or processes to accommodate an individual's needs. Landlords shall have a reasonable adjustments policy in place to address this.
- 2.5. Landlord websites shall include information on how to raise a complaint. The complaints policy and process shall be easily found and downloadable.
- 2.6. The complaints policy and process should be publicised in leaflets newsletters, online and as part of regular correspondence with residents. A copy should be provided when requested.
- 2.7. Landlords shall provide residents with contact information for the Ombudsman as part of its regular correspondence with residents.
- 2.8. Landlords shall provide early advice to residents regarding their right to access the Housing Ombudsman Service, not only at the point they have exhausted the landlord's complaints process. The Housing Ombudsman Service can assist residents throughout the life of a complaint. This affords the resident the opportunity to engage with the Ombudsman's dispute support advisors.

### 3. Complaint team, procedure, timeliness and responsiveness

#### Complaint team

- 3.1 Landlords should have a person or team assigned to take responsibility for complaint handling. This Code will refer to that person or team as the “complaints officer”. For some organisations, particularly smaller landlords, we recognise that this role may not be dedicated to complaint handling.
- 3.2 Complaints officers are one of the most important factors in ensuring that the complaints handling works well. Complaints officers should:
- be able to act sensitively and fairly
  - be trained to receive complaints and deal with distressed and upset residents
  - have access to staff at all levels to facilitate quick resolution of complaints
  - have the authority and autonomy to act to resolve disputes quickly and fairly.

Residents are more likely to be satisfied with complaint handling if the person dealing with their complaint is competent, empathetic and efficient.

#### Complaints procedure

- 3.3 When a complaint is made to the landlord it shall be acknowledged and logged at stage one of the complaints procedure.
- 3.4 Landlords should confirm their understanding of the complaint and the outcomes being sought with the resident. Clarification should be sought if the complaint is not clear.
- 3.5 If the complaint is not resolved to the resident’s satisfaction it shall be progressed to the next stage in accordance with the landlord’s procedure and the timescales set out in this Code.
- 3.6 A landlord’s complaints procedure shall comprise of two stages. This ensures that a resident has the opportunity to challenge any decision by correcting errors or sharing concerns via an appeal process.
- 3.7 The Ombudsman welcomes involvement by residents or senior executives outside the complaints team as part of the review process.
- 3.8 The Ombudsman does not believe a third stage is necessary as part of a complaints process but if a landlord believes strongly it requires one, it should set out its reasons as part of the self-assessment. A process with more than three stages is not acceptable under any circumstances in the Ombudsman’s view.

- 3.9 In the final decision the landlord's policy shall include the right to refer the complaint to the Housing Ombudsman Service. This should be through a designated person within eight weeks of the final decision or directly by the resident after eight weeks.
- 3.10 A full record shall be kept of the complaint, any review and the outcomes at each stage. This should include the original complaint and the date received; all correspondence with the resident, correspondence with other parties and any reports or surveys prepared.

### **Timeframe for responses**

- 3.11 A landlord's complaints procedure shall include the following maximum timescales for response:
- Logging and acknowledgement of complaint – five working days
  - Stage one decision – 10 working days from receipt of complaint – if this is not possible, an explanation and a date by when the stage one response should be received. This should not exceed a further 10 days without good reason
  - Stage two response – 20 working days from request to escalate – if this is not possible an explanation and a date when the stage two response will be received. This should not exceed a further 10 working days without good reason
  - Stage three response – where a landlord believes this stage is absolutely necessary a response should be sent within 20 working days from request to escalate. Any additional time will only be justified if related to convening a panel. An explanation and a date when the stage three response will be achieved should be provided to the resident.
- 3.12 A landlord may choose to set shorter response times for each stage of the complaints procedure but response times must not exceed those set out above.

### **Communication with residents**

- 3.13 When communicating with residents, landlords shall use plain language that is appropriate to the resident.
- 3.14 Landlords shall address all points raised in the complaint and provide clear reasons for any decisions, referencing the relevant policy, law and good practice where appropriate.
- 3.15 At the completion of each stage of the complaints process the landlord should write to the resident advising them of the following:



- the complaint stage
  - the outcome of the complaint
  - the reasons for any decisions made
  - the details of any remedy offered to put things right
  - details of any outstanding actions
  - details of how to escalate the matter if dissatisfied.
- 3.16 As part of the complaint policy the resident shall be given a fair opportunity to:
- set out their position
  - comment on any adverse findings before a final decision is made.
- 3.17 Communication with the resident should not generally identify individual members of staff or contractors as their actions are undertaken on behalf of the landlord.
- 3.18 Landlords should adhere to any arrangements agreed with residents in terms of frequency and method of communication.
- 3.19 Landlords should keep residents regularly updated and informed even where there is no new information to provide.

#### **Duty to cooperate with the Ombudsman**

- 3.20 When the resident remains dissatisfied at the end of the landlord's complaints process, they may bring their complaint to the Ombudsman. Landlords shall cooperate with the Ombudsman's requests for evidence and provide this within 15 working days. If a response cannot be provided within this timeframe, the landlord shall provide the Ombudsman with an explanation for the delay. If the explanation is reasonable, the Ombudsman will agree a revised date with the landlord.
- 3.21 Failure to provide evidence to the Ombudsman in a timely manner may result in the Ombudsman issuing a complaint handling failure order.

#### **4. Fairness in complaint handling**

- 4.1. Landlords shall operate a resident-focused complaints process ensuring they are given the opportunity to explain their point of view and the outcome they are seeking before a decision is reached.
- 4.2. Landlords should manage residents' expectations from the outset, being clear where a desired outcome is unreasonable or unrealistic.
- 4.3. Landlords should give residents the opportunity to have a representative deal with their complaint on their behalf, and to be represented and/or accompanied at any meeting with the landlord where this has been requested or offered and where this is reasonable.

- 4.4. Where a key issue of a complaint relates to the parties' legal obligations the landlord should clearly set out its understanding of the obligations of both parties and seek clarification before doing so where this is not initially clear.
- 4.5. A complaint investigation shall be conducted in an impartial manner, seeking sufficient reliable information from both parties so that fair and appropriate findings and recommendations can be made.
- 4.6. Any complaint investigation shall be fair. To ensure fairness, processes and procedures shall require the complaints officer to:
- deal with complaints on their merits
  - act independently and have an open mind
  - take measures to address any actual or perceived conflict of interest
  - consider all information and evidence carefully
  - keep the complaint confidential as far as possible, with information only disclosed if necessary to properly investigate the matter.
- 4.7. The landlord's assessment of the issue should include:
- what the complaint is about
  - what evidence is needed to fully consider the issues
  - what risks the complaint raises for the landlord
  - what outcome would resolve the matter for the resident
  - any urgent action that it needs to take.
- 4.8. A complaint should be resolved at the earliest possible opportunity.
- 4.9. The resident, and if applicable any staff member who is the subject of the complaint, must also be given a fair chance to:
- set out their position
  - comment on any adverse findings before a final decision is made.
- 4.10. Complaint policies and processes should set out the circumstances in which a landlord can exercise discretion in how to respond to a complaint and who has the power to exercise that discretion. Landlords should exercise discretion appropriately and provide clear explanations to residents when doing so.
- 4.11. Landlords should not unreasonably refuse to escalate a complaint through all stages of the complaints procedure and must have clear and valid reasons for taking that course of action.

- 4.12. When a resident seeks to escalate a complaint the landlord should consider:
- what the escalation review will be about i.e. why the resident remains dissatisfied, and whether any part of the complaint been resolved
  - who will undertake the review
  - who needs to be kept informed
  - what evidence needs to be gathered i.e. comments from those involved, relevant policies and contemporaneous records, inspections etc
  - how long the review will take and when it will be completed.
- 4.13. Where a landlord decides not to escalate a complaint it should provide an explanation to the resident. It should make clear that its previous response was its final response to the complaint and provide information on referral to the Housing Ombudsman.
- 4.14. Landlords should have policies and procedures in place for managing unacceptable behaviour from residents and/or their representatives when pursuing a complaint.
- 4.15. Any restrictions placed on a resident's contact due to unacceptable behaviour should be appropriate to their needs and should demonstrate regard for the provisions of the Equality Act 2010.

## 5. Putting things right

- 5.1. Effective dispute resolution requires a process designed to resolve complaints. Where something has gone wrong a landlord should acknowledge this and set out the actions it has already taken, or intends to take, to put things right. Examples of where action to put things right may be required are:
- there was an unreasonable delay
  - inaccurate or inadequate advice, explanation or information was provided to the resident
  - the landlord's policy or procedure was not followed correctly without good reason
  - there was a factual or legal error that impacted on the outcome for the resident
  - there was unprofessional behaviour by staff.
- 5.2. Landlords should acknowledge and apologise for any failure identified, give an explanation and, where possible, inform the resident of the changes made or actions taken to prevent the issue from happening again.
- 5.3. Landlords should recognise that putting things right is the first step to repairing and rebuilding the landlord and resident relationship.

- 5.4. When considering what action will put things right landlords should carefully manage the expectations of residents. Landlords should not promise anything that cannot be delivered or would cause unfairness to other residents.

### **Appropriate remedy**

- 5.5. Complaints can be resolved in a number of ways. A landlord's policy shall require that any remedy offered reflects the extent of any and all service failures, and the level of detriment caused to the resident as a result. These shall include:
- acknowledging where things have gone wrong
  - providing an explanation, assistance or reasons
  - apologising
  - taking action if there has been a delay
  - reconsidering or changing a decision
  - amending a record
  - providing a financial remedy
  - changing policies, procedures or practices.
- 5.6. Any remedy offered must reflect the extent of any service failures and the level of detriment caused to the resident as a result.
- 5.7. Factors to consider in formulating a remedy can include, but are not limited to the:
- length of time that a situation has been ongoing
  - frequency with which something has occurred
  - severity of any service failure or omission
  - number of different failures
  - cumulative impact on the resident
  - a resident's particular circumstances or vulnerabilities.
- 5.8. When offering a remedy, landlords should clearly set out what will happen and by when, in agreement with the resident where appropriate. Any remedy proposed must be followed through to completion.
- 5.9. In awarding compensation, landlords shall consider whether any statutory payments are due, if any quantifiable losses have been incurred as well as the time and trouble a resident has been put to as well as any distress and inconvenience caused.

### **Concerns about legal liability**

- 5.10. In some cases a resident may have a legal entitlement to redress. There may be concerns about legal liability in this situation. If so, the landlord should still offer a resolution where possible, as that may remove the need for the resident to pursue legal remedies.

- 5.11. Landlords have a duty to rectify problems for which they are responsible. However, where necessary a resolution can be offered with an explicit statement that there is no admission of liability. In such a case, legal advice as to how any offer of resolution should be worded should be obtained.

For further information on remedies please see <https://www.housing-ombudsman.org.uk/about-us/corporate-information/policies/dispute-resolution/policy-on-remedies/>

## 6. Continuous learning and improvement

- 6.1. A positive complaint handling culture is integral to the effectiveness with which landlords resolve disputes, the quality of the service provided, the ability to learn and improve, and the relationship with their residents.
- 6.2. Accountability and transparency should be embedded in a positive complaint handling culture, with landlords providing feedback to residents on failures in complaint handling and the actions taken to learn and improve from this.
- 6.3. Creating and embedding a culture that values complaints and gives them the appropriate level of priority requires strong leadership and management.
- 6.4. A good culture should also recognise the importance of resident involvement, through the formation of resident panels, consulting with residents on the formulation of complaints policies and procedures and through including them in panel hearings as part of the dispute resolution process, where appropriate.
- 6.5. Landlords should look beyond the circumstances of the individual complaint and consider whether anything needs to be 'put right' in terms of process or systems to the benefit of all residents.
- 6.6. An effective complaints process enables a landlord to learn from the issues that arise for residents and to take steps to improve the services it provides and its internal processes. Landlords should have a system in place to look at the complaints received, their outcome and proposed changes as part of its reporting and planning process.
- 6.7. Any themes or trends should be assessed by senior management to identify any systemic issues, serious risks or areas for improvement for appropriate action.
- 6.8. Landlords should proactively use learning from complaints to revise policies and procedures, to train staff and contractors and to improve communication and record-keeping.

- 6.9. Landlord's should recognise the impact that being complained about can have on future service delivery. Landlords should ensure that staff are supported and engaged in the complaints process including the learning that can be gained.
- 6.10. Landlords shall report back on wider learning and improvements from complaints to their residents, managers and staff. Feedback shall be regularly provided to relevant scrutiny panels, committees and boards and be discussed, alongside scrutiny of the Ombudsman's annual landlord performance report.
- 6.11. Learning and improvement from complaints should be included in the landlord's Annual Report.

## Part C

### 1. Compliance

- 1.1. Under the Housing Ombudsman Scheme a member landlord must:
- agree to be bound by the terms of the Scheme
  - establish and maintain a complaints procedure in accordance with any good practice recommended by the Ombudsman
  - as part of that procedure, inform residents of their right to bring complaints to the Ombudsman under the Scheme
  - publish its complaints procedure and make information about this easily accessible to those entitled to complain on its website and in correspondence with residents
  - manage complaints from residents in accordance with its published procedure or, where this is not possible, within a reasonable timescale.
  - respond promptly to information requests made by the Housing Ombudsman Service as part of the ongoing investigation into complaints from residents.
- 1.2. Failure to comply with the conditions of membership may result in an Ombudsman's determination of complaint handling failure and an order to rectify within a given timescale (paragraphs 13 and 73 of the Housing Ombudsman Scheme).
- 1.3. Failures under the Scheme and Code which would result in a complaint handling failure order include, but are not limited to:
- non-compliance with the Complaint Handling Code

- failure to accept a formal complaint in a timely manner or to exclude a complaint from the complaints process without good reason
  - inaccessible complaints process and procedure or unreasonable restrictions as to how a complaint can be made
  - not managing complaints from residents in accordance with the complaints policy
  - failure to progress a complaint through the complaints procedure
  - failure to respond to a complaint within the set timescales without good reason
  - failure to keep the resident informed and updated
  - failure to notify the resident of the right to refer the complaint to the Ombudsman
  - failure to provide evidence to support investigation by the Ombudsman.
- 1.4. Where a complaint is still within a landlord's complaints procedure or the Ombudsman has requested evidence for investigation the landlord will be informed of any complaint handling failure. Details of the failure will be provided along with any action required to rectify it. Where no action is taken the Ombudsman will issue a complaint handling failure order.
- 1.5. Each quarter the Ombudsman will publish the total number of complaint handling failure orders issued, the names of the landlords and reasons for the orders and will share this information with the Regulator of Social Housing. The number of complaint handling failure orders issued against a landlord will form part of the Ombudsman's annual landlord performance reports and will be available on the Ombudsman's website.
- 1.6. In addition, from time to time the Ombudsman may wish to publish a report detailing the specifics of a complaint handling failure case where this would help highlight the impact of the failure on the resolution of the dispute and delays and/or distress caused to residents.
- 1.7. When carrying out an investigation the Ombudsman will consider whether the landlord dealt with the complaint fairly and will assess this against the requirements of the Code. Any failure identified could result in a finding of service failure or maladministration.
- 1.8. The Ombudsman will specifically refer to the Code in its findings. Orders and recommendations will be made to put matters right and ensure compliance with the Code.
- 1.9. The Ombudsman may request evidence of a landlord's self-assessment in order to confirm satisfactory compliance with the Code. Where there have been failures to comply with the Code or in operating an effective complaints procedure, the Ombudsman may issue a complaint handling failure order and ask the landlord to complete the self-assessment as part of the rectification action and to report back to the Ombudsman on its outcome.

- 1.10. Where there are significant concerns regarding a landlord's compliance with the Code the Ombudsman may escalate these to the landlord's board or equivalent, and may refer the matter to the appropriate regulatory body including the Regulator of Social Housing.

## 2. Self-assessment

- 2.1 The Ombudsman expects landlords to carry out regular self-assessment against the Code and take appropriate action to ensure their complaint handling is in line with the Code. This assessment should be completed by 31 December 2020.
- 2.2. The Ombudsman expects landlords to report the outcome of their self-assessment to their board members. In the case of local authorities, self-assessment outcomes should be reported to elected members.
- 2.3. The Ombudsman expects landlords to publish the outcome of their assessments. The Ombudsman may request sight of the assessment and evidence in support. The Ombudsman may require landlords to periodically repeat the self-assessment, for example following any amendments to the Code or significant change to the landlord organisational structure.



## Self-assessment form

Compliance with the Complaint Handling Code			
1	Definition of a complaint	Yes	No
	Does the complaints process use the following definition of a complaint?  <i>An expression of dissatisfaction, however made, about the standard of service, actions or lack of action by the organisation, its own staff, or those acting on its behalf, affecting an individual resident or group of residents.</i>		
	Does the policy have exclusions where a complaint will not be considered?		
	Are these exclusions reasonable and fair to residents?  Evidence relied upon		
<b>2</b>	<b>Accessibility</b>		
	Are multiple accessibility routes available for residents to make a complaint?		
	Is the complaints policy and procedure available online?		
	Do we have a reasonable adjustments policy?		
	Do we regularly advise residents about our complaints process?		
<b>3</b>	<b>Complaints team and process</b>		
	Is there a complaint officer or equivalent in post?		
	Does the complaint officer have autonomy to resolve complaints?		
	Does the complaint officer have authority to compel engagement from other departments to resolve disputes?		
	If there is a third stage to the complaints procedure are residents involved in the decision making?		
	Is any third stage optional for residents?		
	Does the final stage response set out residents' right to refer the matter to the Housing Ombudsman Service?		
	Do we keep a record of complaint correspondence including correspondence from the resident?		
	At what stage are most complaints resolved?		
<b>4</b>	<b>Communication</b>		
	Are residents kept informed and updated during the complaints process?		

	Are residents informed of the landlord's position and given a chance to respond and challenge any area of dispute before the final decision?		
	Are all complaints acknowledged and logged within five days?		
	Are residents advised of how to escalate at the end of each stage?		
	What proportion of complaints are resolved at stage one?		
	What proportion of complaints are resolved at stage two?		
	What proportion of complaint responses are sent within Code timescales?  <ul style="list-style-type: none"> <li>• Stage one Stage one (with extension)</li> <li>• Stage two Stage two (with extension)</li> </ul>		
	Where timescales have been extended did we have good reason?		
	Where timescales have been extended did we keep the resident informed?		
	What proportion of complaints do we resolve to residents' satisfaction		
<b>5</b>	<b>Cooperation with Housing Ombudsman Service</b>		
	Were all requests for evidence responded to within 15 days?		
	Where the timescale was extended did we keep the Ombudsman informed?		
<b>6</b>	<b>Fairness in complaint handling</b>		
	Are residents able to complain via a representative throughout?		
	If advice was given, was this accurate and easy to understand?		
	How many cases did we refuse to escalate?  What was the reason for the refusal?		
	Did we explain our decision to the resident?		
<b>7</b>	<b>Outcomes and remedies</b>		
	Where something has gone wrong are we taking appropriate steps to put things right?		
<b>8</b>	<b>Continuous learning and improvement</b>		
	What improvements have we made as a result of learning from complaints?		
	How do we share these lessons with:  a) residents?		

	b) the board/governing body? c) In the Annual Report?		
	Has the Code made a difference to how we respond to complaints?		
	What changes have we made?		

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28 May 2021

## Housing Ombudsman Service

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Ms Katherine Kerswell  
Chief Executive  
Croydon Council  
Taberner House  
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Croydon  
CR9 3JS

Dear Ms Kerswell

### **Determination - Complaint handling failure**

The new Housing Ombudsman Scheme (the Scheme) came into effect on 1 September 2020 and granted the Ombudsman new powers. As part of these new powers, the Housing Ombudsman Service issued a Complaint Handling Code. The Code sets out our complaint handling standards for landlords and compliance with the Code is a requirement of Scheme membership.

Following correspondence with your officers, I have determined that there has been a complaint handling failure. As such, I am issuing a Complaint Handling Failure Order under paragraph 13 of the Scheme.

### **Reasons**

The obligations of membership are set out in paragraph 9 of the Housing Ombudsman Scheme and include the following:

- A member must establish and maintain a complaints procedure in accordance with any good practice recommended by the Ombudsman.

In this instance the landlord has failed to comply with the Ombudsman's Complaint Handling Code as it has not presented its completed self-assessment to its elected members. Whilst the Ombudsman accepts that Covid-19 resulted in the scrutiny panel being delayed, there were opportunities for the self-assessment to be subjected to the appropriate levels of governance. The landlord's intention to present the self-assessment to its scrutiny panel in late 2021 is an unreasonable delay given the 31 December 2020 deadline.

### **Details**

The Complaint Handling Code was published in July 2020 and landlords were asked to complete a self-assessment against the Code by 31 December 2020. The Code states:

- The Ombudsman expects landlords to report the outcome of the self-assessment to their ... elected members, and
- The Ombudsman expects landlords to publish the outcome of their assessments.

On 10 May 2021, the Housing Ombudsman Service wrote to the landlord as its self-assessment was not published on its website and the response times for complaints fell outside of the timescales stipulated in the Code.

In its response dated 14 May 2021, the landlord advised that the self-assessment had been completed in November 2020 and actions identified were to be reviewed throughout the year. The landlord also explained a further assessment will be completed in late 2021 "once this has been taken to our ELT and Scrutiny Panel." The revised self-assessment is due to be published once it has been approved by the relevant panels.

On 27 May 2021, the Housing Ombudsman Service sought further clarification from LB Croydon. The landlord advised that the self-assessment had not been presented to its scrutiny panel as the panel had been rescheduled several times due to Covid-19. However, the landlord also advised that other scrutiny panels had been held throughout the pandemic for specific matters.

### **Action required**

The Ombudsman requires the landlord to present its full and final self-assessment to its elected members, and publish this on its website, by 31 August 2021.

As the Housing Ombudsman, we offer a range of learning and support tools to landlords whose complaint handling is not operating effectively. I would be happy to discuss these with you to identify any that could help in your circumstances.

Please note that details of all Complaint Handling Failure Orders issued from 1 January 2021 will be published quarterly on our website and form part of our regular information sharing with the Regulator of Social Housing.

To find out how we use your personal data together with your rights under the Data Protection Act 2018 go to [www.housing-ombudsman.org.uk/about-us/your-data/](http://www.housing-ombudsman.org.uk/about-us/your-data/).

Yours sincerely



**Ben Meredith**  
**Systemic Investigation Manager**  
[bmeredith@housing-ombudsman.org.uk](mailto:bmeredith@housing-ombudsman.org.uk)  
Direct dial: 0204 524 1764

cc: Chris Buss (Director of Finance, Investment and Risk)

# Agenda Item 9

<b>REPORT TO:</b>	<b>CABINET – 12 July 2021</b>
<b>SUBJECT:</b>	<b>STAGE 1: RECOMMENDATIONS ARISING FROM SCRUTINY</b>
<b>LEAD OFFICERS:</b>	<b>ASMAT HUSSAIN, INTERIM EXECUTIVE DIRECTOR - RESOURCES</b>  <b>STEPHEN ROWAN – HEAD OF DEMOCRATIC SERVICES &amp; SCRUTINY</b>
<b>LEAD MEMBER:</b>	<b>COUNCILLOR SEAN FITZSIMONS CHAIR, SCRUTINY AND OVERVIEW COMMITTEE</b>
<b>CABINET MEMBER:</b>	<b>ALL</b>
<b>WARDS:</b>	<b>ALL</b>
<b>COUNCIL PRIORITIES 2020-2024</b> The constitutional requirement that cabinet receives recommendations from scrutiny committees and to respond to the recommendations within two months of the receipt of the recommendations	
<b>FINANCIAL IMPACT</b> The recommendations in the appendix to this report may have a financial implication and as each recommendation is developed the financial implication will be explored and approved.	
<b>FORWARD PLAN KEY DECISION REFERENCE NO:</b> 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 contained within this report:

## 1. RECOMMENDATIONS

Cabinet is asked to:

Receive the recommendations arising from meeting of the Scrutiny & Overview Committee held on 27 May 2021 and to provide a substantive response within two months (i.e. at the next available Cabinet meeting on **16 August 2021**).

## **2. STAGE 1: RECOMMENDATIONS ARISING FROM SCRUTINY**

- 2.1 Recommendations that have been received from the Scrutiny and Overview Committee and its Sub-Committees since the last Cabinet meeting are provided in Appendix A. The constitution requires that an interim or full response is provided within 2 months of this Cabinet meeting.
- 2.2 To provide additional context for the Cabinet, the conclusions reached by the Committee and its Sub-Committees are also included for information in Appendix A.

## **3. CONSULTATION**

- 3.1 The recommendations were developed from the deliberations of either the Scrutiny & Overview Committee or one of its Sub-Committees.

## **4. PRE-DECISION SCRUTINY**

- 4.1 The recommendations set out in the appendix to this report directly arise from Scrutiny.

## **5. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS**

- 5.1 There are no financial implications arising directly from the content of this report.

## **6. LEGAL CONSIDERATIONS**

- 6.1 The Head of Litigation and Corporate Law comments on behalf of the Director of Law and Governance that the recommendations are presented to Cabinet in accordance with the Constitution.
- 6.2 This requires that the Scrutiny report is received and registered at this Cabinet Meeting and that a substantive response is provided within 2 months (i.e. **Cabinet – 16 August 2021** is the next available meeting).

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

## **7. EQUALITIES IMPACT**

- 7.1 There are no equalities implications arising directly from the content of this report



## **8. HUMAN RESOURCES IMPACT**

8.1 There are no human resource implications arising directly from the contents of this report

## **9. ENVIRONMENTAL IMPACT**

9.1 There are no environmental implications arising directly from the contents of this report

## **10. CRIME AND DISORDER REDUCTION IMPACT**

10.1 There are no crime and disorder implications arising directly from the contents of this report

## **11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION**

11.1 There is a statutory requirement for Cabinet to receive the recommendations made by Scrutiny.

## **12. OPTIONS CONSIDERED AND REJECTED**

12.1 None

## **13. DATA PROTECTION IMPLICATIONS**

### **13.1 WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?**

There are no Data Protection implications at this stage, but that the situation will be reviewed again at Stage 2 when Cabinet provide their response to the proposed recommendations.

### **13.2 HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?**

No.

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#### **CONTACT OFFICER:**

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#### **APPENDICES:**

Appendix A – Recommendations from Scrutiny

**BACKGROUND DOCUMENTS:**

**Background document 1:**

Meeting of the Scrutiny & Overview Committee held on 27 May 2021

<https://democracy.croydon.gov.uk/ieListDocuments.aspx?CIId=166&MIId=2697&Ver=>

4

## Scrutiny Recommendations: Stage 1

Committee	Meeting Date	Agenda Item	Conclusion	Recommendation	Cabinet Lead	Officer Lead
Scrutiny & Overview Committee	27 May 2021	Call-In: Ongoing Review of Brick by Brick Croydon Ltd and associated matters relating to the company	The Committee concluded that the evidence provided in the report, along with the responses provided by the Section 151 Officer to questions raised, had provided sufficient reassurance that the original Cabinet decision was the correct course of action. As such no further action was necessary and the decision could proceed as intended.		Hamid Ali	Chris Buss
Scrutiny & Overview Committee	27 May 2021	Call-In: Ongoing Review of Brick by Brick Croydon Ltd and associated matters relating to the company	Given that the advice had been sought from both CIPFA and the Council's external auditor, the Committee was reassured that the decision to recognise the cost of the Fairfield Halls refurbishment as a capital expenditure rather than a capital loan was the correct course of action.		Hamid Ali	Chris Buss
Scrutiny & Overview Committee	27 May 2021	Call-In: Ongoing Review of Brick by Brick Croydon Ltd and associated matters relating to the company	There was concern amongst the Committee about the potential additional expenditure required to carry out any remedial works required to address issues not picked up in the original refurbishment and a request was made for a report on this, once available.	That a report on any remedial work required on Fairfield Halls be provided to the Scrutiny and Overview Committee. This breakdown should include confirmation of:- <ul style="list-style-type: none"> <li>a. The work required and the estimate cost</li> <li>b. Confirmation of whether the cost of work would</li> </ul>	Hamid Ali	Chris Buss

Committee	Meeting Date	Agenda Item	Conclusion	Recommendation	Cabinet Lead	Officer Lead
				<p>need to be funded by the Council or would be under the existing contract novated to the Council.</p> <p>c. If work is to be funded by the Council, how the cost would be met.</p>		
Scrutiny & Overview Committee	27 May 2021	Call-In: Ongoing Review of Brick by Brick Croydon Ltd and associated matters relating to the company	The Committee felt there needed to a thorough explanation of how the cost for the refurbishment of Fairfield Halls rose from the original £30m estimate at the start of the project to £69m. It was accepted that the Council's external auditor was in the process of finalising a value for money review of the project and a request was made for the full report to be share with the Committee once available.	That the Scrutiny & Overview Committee is provided with the full Grant Thornton report on its Value for Money Review of Fairfield Halls, once it was available.	Hamid Ali	Chris Buss
Scrutiny & Overview Committee	27 May 2021	Call-In: Ongoing Review of Brick by Brick Croydon Ltd and associated matters relating to the company	The Committee agreed that the decision for the Council's Housing Revenue Account to purchase 104 residential units from Brick by Brick should proceed as it would lead to a significant saving in the cost of temporary accommodation and provide new homes for those on the council's housing waiting list.	It was recommended that future reports on Housing Revenue Account purchases include confirmation on whether the purchase included the freehold for the properties in order to clarify who would be responsible and accountable for access / maintenance of shared amenities.	Hamid Ali	Chris Buss

Committee	Meeting Date	Agenda Item	Conclusion	Recommendation	Cabinet Lead	Officer Lead
Scrutiny & Overview Committee	27 May 2021	Call-In: Ongoing Review of Brick by Brick Croydon Ltd and associated matters relating to the company	Although there was concerns about the decision to provide a further loan facility of £10m to Brick by Brick, given the public money already invested in the company, there was an acceptance that this was needed as a contingency in the event of sales being delayed.		Hamid Ali	Chris Buss
Scrutiny & Overview Committee	27 May 2021	Call-In: Ongoing Review of Brick by Brick Croydon Ltd and associated matters relating to the company	<p>The was significant concern about the lack of transparency on historic decision making on Brick by Brick and that the documents requested in the call-in had not been provided.</p> <p>The Committee agreed that the documents needed to be provided, in line with the Statutory Guidance on Overview and Scrutiny in Local and Combined Authorities, as a matter of urgency or failing that a written statement be provided in justification of the refusal of each requested document.</p>	The Administration is asked to make a commitment to making historic information on decision making over Brick by Brick available to Members and the public. Where it is not possible to provide information, there needs to be a transparent process in place to confirm why it is not being shared.	Hamid Ali	Chris Buss
Scrutiny & Overview Committee	27 May 2021	Call-In: Libraries Public Consultation – Phase One	The Committee concluded that the evidence provided in the report, along with the responses provided by the Cabinet Member for Culture and Regeneration to questions raised, had provided sufficient reassurance that the original		Oliver Lewis	Sarah Hayward

Committee	Meeting Date	Agenda Item	Conclusion	Recommendation	Cabinet Lead	Officer Lead
			Cabinet decision was the correct course of action. As such no further action was necessary and the decision could proceed as intended.			
Scrutiny & Overview Committee	27 May 2021	Call-In: Libraries Public Consultation – Phase One	The Committee accepted that the key driver behind possible changes to the library service was the need to make a £500,000 saving from the Libraries budget, which had been agreed as part of the Budget approved by the Council in March 2021.		Oliver Lewis	Sarah Hayward
Scrutiny & Overview Committee	27 May 2021	Call-In: Libraries Public Consultation – Phase One	The Committee concluded that the savings outlined in the option appraisal had been based on known factors and as such were likely to be a good estimate of the potential saving that could be achieved by each option.		Oliver Lewis	Sarah Hayward
Scrutiny & Overview Committee	27 May 2021	Call-In: Libraries Public Consultation – Phase One	The Committee welcomed the commitment from the Cabinet Member to work with the public and local community groups in shaping future services.		Oliver Lewis	Sarah Hayward

**For General Release**

<b>REPORT TO:</b>	<b>CABINET</b> 12 July 2021
<b>SUBJECT:</b>	<b>STAGE 2: RESPONSE TO RECOMMENDATIONS ARISING FROM: SCRUTINY &amp; OVERVIEW COMMITTEE ON 30 MARCH 2021 AND THE CHILDREN &amp; YOUNG PEOPLE SUB-COMMITTEE ON 20 APRIL 2021.</b>
<b>LEAD OFFICER:</b>	Asmat Hussain, Interim Executive Director of Resources and Monitoring Officer  Stephen Rowan, Head of Democratic Services and Scrutiny
<b>CABINET MEMBER:</b>	<b>All</b>
<b>WARDS:</b>	<b>All</b>
<b>COUNCIL PRIORITIES 2020-2024</b>	
The constitutional requirement that Cabinet receives recommendations from scrutiny committees and to respond to the recommendations within two months of the receipt of the recommendations.	
<b>FINANCIAL IMPACT</b>	
The recommendations in the appendix to this report may have a financial implication and as each recommendation is developed the financial implication will be explored and approved.	
Any additional cost that may arise for the General Fund that may materialize as proposals are developed is expected to be mitigated by alternative mitigations within existing funding envelopes.	
<b>FORWARD PLAN KEY DECISION REFERENCE NO.:</b> 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**

1.1 Cabinet is recommended to approve the response and action plans attached to this report at Appendix A and that these be reported to the Scrutiny and Overview Committee or relevant Sub-Committees.

**2. EXECUTIVE SUMMARY**

2.1 This report asks the Cabinet to approve the full response reports arising from the Stage 1 reports presented to the Cabinet meeting held on 17 May 2021 including:

- Action plans for the implementation of agreed recommendations, or
- Reasons for rejecting the recommendations

and that these be reported to the Scrutiny and Overview Committee or relevant Sub-Committees.

- 2.2 The Constitution requires that in accepting a recommendation, with or without amendment, from a Scrutiny and Overview Committee or Sub-Committee, the Cabinet shall agree an action plan for the implementation of the agreed recommendations and shall delegate responsibility to an identified officer to report back to the Scrutiny and Overview Committee or Sub-Committee, within a specified period, on progress in implementing the action plan.

### **3. SCRUTINY RECOMMENDATIONS**

- 3.1 The Scrutiny recommendations are contained in the schedule in the appendix to this report.
- 3.2 The detailed responses including reasons for rejected recommendations and action plans for the implementation of agreed recommendations are contained in the appendices.

### **4. CONSULTATION**

- 4.1 The recommendations were developed from the deliberations of either the Scrutiny & Overview Committee or one of its Sub-Committees.
- 4.2 The recommendations in the appendix to this report may involve further consultation and as each recommendation is developed these implications will be explored and approved.

### **5 PRE-DECISION SCRUTINY**

- 5.1 The recommendations in the appendix to this report are the result of Pre-Decision Scrutiny.

### **6. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS**

- 6.1 The recommendations in this report may have a financial implication and as each recommendation is developed the financial implication will be explored and approved.
- 6.2 Any additional cost that may arise for the General Fund that may materialize as proposals are developed is expected to be mitigated by alternative mitigations within existing funding envelopes.

Approved by: Matt Davis, Deputy S151 Officer



## **7. LEGAL CONSIDERATIONS**

- 7.1 The Head of Litigation and Corporate Law comments on behalf of the interim Director of Law and Governance that the Constitution requires that Cabinet both receives recommendations from Scrutiny Committees and responds to the recommendations within two months of their receipt.

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

## **8. HUMAN RESOURCES IMPACT**

- 8.1 The recommendations in the appendix to this report may have a Human Resources impact and as each recommendation is developed these implications will be explored and approved.

## **9. EQUALITIES IMPACT**

- 9.1 The recommendations in the appendix to this report may have an Equalities impact and as each recommendation is developed these implications will be explored and approved.

## **10. ENVIRONMENTAL IMPACT**

- 10.1 The recommendations in the appendix to this report may have an Environmental impact and as each recommendation is developed these implications will be explored and approved.

## **11. CRIME AND DISORDER REDUCTION IMPACT**

- 11.1 The recommendations in the appendix to this report may have a Crime and Disorder reduction impact and as each recommendation is developed these implications will be explored and approved.

## **12. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION**

- 12.1 These are contained in the appendix to this report.

## **13. OPTIONS CONSIDERED AND REJECTED**

- 13.1 These are contained in the appendix to this report.

## 14. DATA PROTECTION IMPLICATIONS

### 14.1 WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?

The recommendations in the appendix to this report may involve the processing of 'personal data' and as each recommendation is developed these implications will be explored and approved.

### 14.2 HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?

**NO**

The recommendations in the appendix to this report may require a DPIA and as each recommendation is developed these implications will be explored and a DPIA carried out where necessary.

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#### CONTACT OFFICER:

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#### APPENDICES:

Appendix A: Scrutiny Stage 2 Responses

#### BACKGROUND DOCUMENTS:

##### Background document 1:

Reports to Scrutiny & Overview Committee on 30 March 2021.

<https://democracy.croydon.gov.uk/ieListDocuments.aspx?CId=166&MId=2158>

##### Background document 2:

Reports to Children & Young People Sub-Committee on 20 April 2021.

<https://democracy.croydon.gov.uk/ieListDocuments.aspx?CId=167&MId=2150>

SCRUTINY RECOMMENDATION	CONCLUSIONS	DEPARTMENT AND CABINET MEMBER RESPONDING	ACCEPT/ REJECT RECOMMENDATIONS (inc. reasons for rejection)	IDENTIFIED OFFICER	ANY FINANCIAL IMPLICATIONS	TIMETABLE FOR IMPLEMENTATION OF RECOMMENDATIONS IF ACCEPTED (ie Action Plan)	DATE OF SCRUTINY MEETING TO REPORT BACK
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**Report: Scrutiny Update on 1-87 Regina Road** (Considered by Scrutiny & Overview Committee on 30 March 2021)

<p>1. The Committee asks that as part of the review of the Council's housing services consideration is given to the following areas:-</p> <p>a. Prior to starting the review, the Council's long term vision for its housing services needed to be defined and then used as a basis for the review.</p> <p>b. The review also needed to consider how the Council listens to the voice of its tenants both in terms of responding to issues raised and in designing services.</p> <p>c. The process for tenants reporting issues and how they are subsequently dealt with needs to be comprehensively overhauled to ensure the needs of tenants are prioritised in any future delivery model.</p>	<p>The Committee welcomed confirmation that a review of housing services had been brought forward in light of the issues experienced by tenants at Regina Road and agreed that there were a number of key areas that needed to be looked at as part of this review.</p>	<p>Councillor Patricia Hay-Justice  Place</p>	<p>Accept.</p> <p>Recommendations – these will be incorporated into the Improvement Plan.</p>	<p>Alison Knight</p>	<p>Financial implications will be considered as part of the implementation plan.</p>	<p>Initial implementation will be in place by 30<sup>th</sup> June 2021.</p> <p>Improvement Panel (which will involve tenants) to be set up and underway by July 2021</p>	<p>7 September 2021</p>
<p>2. The Committee recommends that delivery of the repairs service should be reviewed, when possible to do so under the terms of the current contract, to establish the most cost effective means</p>	<p>The Committee had concerns about the performance of the current contractor for the repairs service, which needed to be investigated to establish whether value for money and service</p>	<p>Councillor Patricia Hay-Justice  Place</p>	<p>Accept.</p> <p>Recommendations – this will be incorporated in to the Improvement Plan.</p>	<p>Alison Knight</p>	<p>Financial implications will be considered as part of any options considered.</p>	<p>Initial implementation will be in place by 30<sup>th</sup> June 2021.</p> <p>Interim head of Repairs to be in post by July 2021.</p>	<p>7 September 2021</p>

SCRUTINY RECOMMENDATION	CONCLUSIONS	DEPARTMENT AND CABINET MEMBER RESPONDING	ACCEPT/ REJECT RECOMMENDATIONS (inc. reasons for rejection)	IDENTIFIED OFFICER	ANY FINANCIAL IMPLICATIONS	TIMETABLE FOR IMPLEMENTATION OF RECOMMENDATIONS IF ACCEPTED (ie Action Plan)	DATE OF SCRUTINY MEETING TO REPORT BACK
of providing the service that also met the standards expected by tenants.	standards were being achieved.						

**Report: Review of the Libraries Public Consultation – Phase One** (Considered by Scrutiny & Overview Committee on 30 March 2021)

1. The Committee recommends that any future consultation documents on the libraries service clearly outlines the Council's vision for libraries and how it had informed the process.	The Committee concluded that any consultation on the provision of the libraries service needed to be based on an underlying vision for the service and that the vision needed to be clearly defined in the consultation process	Councillor Oliver Lewis Place	Accept.  These are being incorporated into the phase two consultation documentation.	Stephen Tate	No	Phase two runs for eight weeks (1 <sup>st</sup> June – 26 <sup>th</sup> July).	7 September 2021
2. The Committee recommends that further work is undertaken to prepare a detailed appraisal of any options put forward for the next stage of the consultation, to ensure that those responding could make an informed decision. This should include consideration of:-  a. hybrid of options  b. a co-design approach for the redevelopment of the future library service  c. The assessment criteria for the options appraisal also needed to be clearly defined at the start of the process and published with the second phase consultation	The Committee was unable to reach a conclusion on the preferability of the other three options.  Instead it concluded that a thorough options appraisal would be needed to make a judgement on which of these options was included in the next stage of the consultation.	Councillor Oliver Lewis Place	Accept.  Details provided to Scrutiny call-in 27/05/21. Hybrid options included in 17/05/21 Cabinet paper. Co-design has been delivered through phase one consultation and will continue in phase two consultation.	Stephen Tate	No	Phase two runs for eight weeks (1 <sup>st</sup> June – 26 <sup>th</sup> July).	7 September 2021

SCRUTINY RECOMMENDATION	CONCLUSIONS	DEPARTMENT AND CABINET MEMBER RESPONDING	ACCEPT/ REJECT RECOMMENDATIONS (inc. reasons for rejection)	IDENTIFIED OFFICER	ANY FINANCIAL IMPLICATIONS	TIMETABLE FOR IMPLEMENTATION OF RECOMMENDATIONS IF ACCEPTED (ie Action Plan)	DATE OF SCRUTINY MEETING TO REPORT BACK
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**Report: Early Help, Social Care & Education Dashboards** (Considered by Children & Young People Sub-Committee on 20 April 2021)

<p>1.a That future dashboards contain information that accurately reflects the landscape for SEN children and the Chair to reach an agreement with the Interim Director of Education of the level of information to be shared.</p> <p>1.b Including data on 19-21 year old NEETs to enable comparison against national benchmarks</p>	<p>The Education dashboard was lacking information on SEN reviews and it was important that the dashboard be inclusive of all the children in Croydon that we serve.</p>	<p>Councillor Fleming</p> <p>Children, Families &amp; Education</p>	<p>Accepted.</p> <p>We have already produced a Data Dashboard with the SEND information and will add the agreed information to the overall Education Dashboard.</p>	<p>Shelley Davies</p>	<p>None.</p>	<p>Data included for the next Scrutiny meeting.</p>	<p>14 September 2021</p>
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**Report: Service Impact & Budget Update** (Considered by Children & Young People Sub-Committee on 20 April 2021)

<p>1. The Draft Children, Families and Education Delivery Plan 2021-24 be reviewed to ensure appropriate acknowledgement and inclusion of Scrutiny in its governance and assurance mechanisms.</p>	<p>It was very concerning that the role of Scrutiny was not included in the assurance process of the draft Children Families and Education Improvement Plan 2021-24.</p> <p>It was disappointing that the Children's Improvement Board work programme had been developed without consultation with the Sub-Committee or GPAC on its own work programme in order to avoid duplication.</p>	<p>Councillor Fleming</p> <p>Children, Families &amp; Education</p>	<p>Accepted.</p> <p>Officers have met with the Chair of the CYP Sub-Committee to discuss how the areas of focus and workplans for the Children's Continuous Improvement Board and the sub-committee can be better coordinated.</p>	<p>Roisin Madden</p>	<p>None.</p>	<p>Better aligned workplans from September 2021.</p>	<p>14 September 2021</p>
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SCRUTINY RECOMMENDATION	CONCLUSIONS	DEPARTMENT AND CABINET MEMBER RESPONDING	ACCEPT/ REJECT RECOMMENDATIONS (inc. reasons for rejection)	IDENTIFIED OFFICER	ANY FINANCIAL IMPLICATIONS	TIMETABLE FOR IMPLEMENTATION OF RECOMMENDATIONS IF ACCEPTED (ie Action Plan)	DATE OF SCRUTINY MEETING TO REPORT BACK
2. The Plan to be circulated to all Councillors with a briefing note that explains the challenges and for all other departments to follow this lead when writing the plan for their service.	The Plan was well written and robust but some of the language used was ambiguous. It was important that officers be mindful of the language used which could lead to unintended interpretation.	Councillor Flemming  Children, Families & Education	Accepted.  The comment is noted for future reports to the sub-committee.	Roisin Madden	None.	June 2021.	14 September 2021

<b>REPORT TO:</b>	<b>CABINET 12<sup>th</sup> JULY 2021</b>
<b>SUBJECT:</b>	<b>INVESTING IN OUR BOROUGH</b>
<b>LEAD OFFICER:</b>	<b>RACHEL SONI, INTERIM DIRECTOR OF COMMISSIONING &amp; PROCUREMENT</b>  <b>ASMAT HUSSAIN, INTERIM EXECUTIVE DIRECTOR OF RESOURCES</b>
<b>CABINET MEMBER:</b>	<b>COUNCILLOR CALLTON YOUNG</b> <b>CABINET MEMBER FOR RESOURCES AND FINANCIAL GOVERNANCE</b>
<b>WARDS:</b>	<b>ALL</b>
<b>CORPORATE PRIORITY/POLICY CONTEXT</b>	
<p>Effective outcome based commissioning and prudent financial transactions contribute to all corporate priorities.</p> <p>The Council's Commissioning Framework (2019 – 2023) sets out the approach to commissioning and procurement and puts delivery of outcomes at the heart of the decision making process. As the Council develops more diverse service delivery models, it is important to ensure that our contractual and partnership relationships are not only aligned to our corporate priorities but also represent value for money for citizens and taxpayers.</p>	
<b>FINANCIAL SUMMARY:</b> Financial implications are set out in each individual report.	
<b>KEY DECISION REFERENCE NO.:</b>	
There are key decisions mentioned in this report, but approval of the Recommendations would not constitute 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

1.1 The Cabinet is requested to note:

- 1.1.1 The request for approval of the Substance Misuse Contract Award as set out at agenda item 11a and section 5.1.1.
- 1.1.2 The request for approval of the Arboricultural Services Contract Variation as set out at agenda item 11b and section 5.1.1.
- 1.1.3 The request for approval of the Public Health Nursing Contract Award as set out at agenda item 11c, and section 5.2.1;

1.1.4 The contracts between £500,000 and £5,000,000 anticipated to be awarded under delegated authority from the Leader by the nominated Cabinet Member, in consultation with the Cabinet Member for Resources and Financial Governance and with the Leader in certain circumstances, before the next meeting of Cabinet, as set out in section 5.3.1.

1.1.5 The list of delegated award decisions made by the Director of Commissioning and Procurement since the last meeting of Cabinet, as set out in section 5.3.2.

1.1.6 Property lettings, acquisitions and disposals to be agreed by the Cabinet Member for Resources and Financial Governance in consultation with the Leader since the last meeting of Cabinet, as set out in section 5.4.1.

## **2 EXECUTIVE SUMMARY**

2.1 This is a standing report which is presented to the Cabinet, for information, at every scheduled Cabinet meeting to update Members on:

- Contract awards and strategies to be agreed by the Cabinet at this meeting which are the subject of a separate agenda item;
- Contracts between £500,000 and £5,000,000 anticipated to be awarded under delegated authority from the Leader by the nominated Cabinet Member, in consultation with the Cabinet Member for Resources and Financial Governance and with the Leader in certain circumstances, before the next meeting of Cabinet;
- Delegated contract award decisions made by the Director of Commissioning and Procurement since the last meeting of Cabinet;
- Property lettings, acquisitions and disposals to be agreed by the Cabinet Member for Resources and Financial Governance in consultation with the Leader since the last meeting of Cabinet;
- Partnership arrangements to be agreed by the Cabinet at this meeting which are the subject of a separate agenda item.
- Delegated contract award decisions under delegated authority from the Leader by the Cabinet Member for Children, Young People and Learning in consultation with the Cabinet Member for Resources and Financial Governance related to the Health and Social Care Services - DPS 3 Lot 3 – Young People Semi Independent Accommodation;  
*[As at the date of this report there are none]*
- Delegated contract award decisions under delegated authority from the Leader by the Cabinet Member for Families, Health & Social Care in consultation with the Cabinet Member for Resources and



Financial Governance related to the Adult and Young People  
Social Care Dynamic Purchasing Systems (DPS);  
*[As at the date of this report there are none]*

### **3 DETAIL**

- 3.1 Section 5.1.1 of this report lists those contract and procurement strategies that are anticipated to be awarded or approved by the Cabinet.
- 3.2 Section 5.2.1 of this report lists partnership arrangements that are anticipated to be awarded or approved by the Cabinet.
- 3.3 Section 5.3.1 of this report lists those contracts that are anticipated to be awarded by the nominated Cabinet Member.
- 3.4 Section 5.3.2 of this report lists the delegated award decisions made by the Director of Commissioning and Procurement since the last meeting of Cabinet.
- 3.5 Section 5.4.1 of this report lists the property acquisitions and disposals to be agreed by the Cabinet Member for Resources & Financial Governance in consultation with the Leader since the last meeting of Cabinet.
- 3.6 The Council's Procurement Strategy and Tender & Contracts Regulations are accessible under the Freedom of Information Act 2000 as part of the Council's Publication Scheme. Information requested under that Act about a specific procurement exercise or contract held internally or supplied by external organisations, will be accessible subject to legal advice as to its commercial confidentiality, or other applicable exemption, and whether or not it is in the public interest to do so.

### **4 PRE-DECISION SCRUTINY**

- 4.1 This report does not require pre-decision as all the reports listed below are compliant with the Council's Tender & Contracts Regulations.

### **5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS**

#### **5.1 Proposed Strategy and Award approvals**

- 5.1.1 Procurement strategies and awards for the purchase of goods, services and works with a possible contract value over £5 million decisions to be taken by Cabinet which are agenda items 11a and 11b.

<b>Award/Strategy</b>	<b>Contract Revenue Budget</b>	<b>Contract Capital Budget</b>	<b>Annual Spend</b>	<b>Dept/Cabinet Member</b>
Substance Misuse Award	£20,890,520 (Contract length 7 years)		£2,649,605	Families, Health and Social Care / Cllr Campbell
Arboricultural Services Contract Variation	£9,221,369 (An increase of £400,000) (Contract length 9 months)		£750,000	Sustainable Croydon / Cllr Ali

## 5.2 Partnership Arrangements

5.2.1 Partnership arrangements to be agreed by the Cabinet which are the subject of a separate agenda item 11c.

<b>Partnership Arrangements</b>	<b>Revenue Budget</b>	<b>Capital Budget</b>	<b>Annual Spend</b>	<b>Dept/Cabinet Member</b>
Public Health Nursing	£48,982,000 (Contract length 7 years)		£5,622,341 *Reviewed annually for AfC Inflation	Children, Young People and Learning / Cllr Flemming

## 5.3 Contract Awards

5.3.1 Revenue and Capital consequences of contract award decisions to be made between £500,000 and £5,000,000 by the nominated Cabinet Member in consultation with the Cabinet Member for Resources & Financial Governance or, where the nominated Cabinet Member is the Cabinet Member for Resources & Financial Governance, in consultation with the Leader.

<b>Contract Title</b>	<b>Contract Revenue Budget</b>	<b>Contract Capital Budget</b>	<b>Annual Spend</b>	<b>Dept/Cabinet Member</b>
Document Storage Award	£84,000 (Aggregate spend with the supplier is £591,200 between 2014 – 2022)		£56,000	Resources and Financial Governance / Cllr Young

<b>Contract Title</b>	<b>Contract Revenue Budget</b>	<b>Contract Capital Budget</b>	<b>Annual Spend</b>	<b>Dept/Cabinet Member</b>
Coulsdon College Site Modular Building Contract Variation		£795,344 (An increase of £108,160 (Contract length 2 years))	£54,080	Children, Young People and Learning / Cllr Flemming

5.3.2 Revenue and Capital consequences of delegated decisions made by the Director of Commissioning and Procurement for contract awards (Regs. 19, 28.4 a & b) between £100,000 and £500,000 and contract extension(s) previously approved as part of the original contract award recommendation (Reg. 28.4 d) and contract variations (Reg.30).

<b>Contract Title</b>	<b>Contract Revenue Budget</b>	<b>Contract Capital Budget</b>	<b>Annual Spend</b>	<b>Dept</b>
Asset Sales Contract Award	£450,000 (Contract length 12 months)		£450,000	Croydon Renewal / Cllr King
Lateral Flow Testing Variation (To Note)	£833,436 (An increase of £556,553) (Contract length 6 months)		£521,796 (Over a 6 month period)	Families, Health and Social Care / Cllr Campbell

#### **CONTRACT VARIATIONS & EXTENSIONS**

<b>Contract Title</b>	<b>Value of Contract to Date</b>	<b>Value of Extension Term</b>	<b>Total Revenue value including extension term</b>	<b>Contract Capital Budget</b>	<b>Annual Spend</b>	<b>Dept.</b>
Core+ Case Management Variation Extension	£82,333	£29,523 (12 months extension)	£111,856		£28,663	Children Families and Education

#### **5.4 Property Acquisitions and Disposals**

5.4.1 Revenue and Capital consequences of property acquisitions and disposals over £500,000 to be agreed by the Cabinet Member for Resources and Financial Governance in consultation with the Leader.

<b>Contract Title</b>	<b>Disposals</b>	<b>Acquisitions</b>	<b>Dept/Cabinet Member</b>
Asset disposal update	£2,150,000 Capital & £1,000,000 Revenue Over Life of Lease		Croydon Renewal / Cllr King
Lease variation to Concord and Sycamore House	£1,000,000		Resources & Financial Governance / Cllr Young

Approved by: Matthew Davis, Head of Finance – MTFS, on behalf of Chris Buss, Interim Director of Finance, Investment and Risk and Section 151 Officer

## **6 LEGAL CONSIDERATIONS**

- 6.1 The information contained within this report is required to be reported to Members in accordance with Appendix B of the Council's Tenders Contracts Regulations and, in relation to the acquisition or disposal of assets, Regulation 9.3 of the Council's Financial Regulations which states 'Recommendations on acquisitions or disposals valued between £500k and up to £5m must also be approved by the Cabinet Member for Finance and Resources in consultation with the Leader of the Council, subject to the intention to do so having been reported to a previous meeting of Cabinet and in accordance with the Leader's Scheme of Delegation. Recommendations on acquisitions or disposals valued over £5m will be reported for approval to Cabinet.'

Approved by: Nigel Channer, Interim Head of Commercial & Property, on behalf of the Interim Director of Law and Governance

## **7 HUMAN RESOURCES IMPACT**

- 7.1 There are no immediate HR issues that arise from the strategic recommendations in this report for LBC staff. Any specific contracts that arise as a result of this report should have their HR implications independently assessed by a senior HR professional.

Approved by: Sue Moorman, Director of Human Resources

## **8 EQUALITY IMPACT**

- 8.1 An Equality Analysis process has been used to assess the actual or likely impact of the decisions related to contracts mentioned in this report and mitigating actions have been defined where appropriate.
- 8.2 The equality analysis for the contracts mentioned in this report will enable the Council to ensure that it meets the statutory obligation in the exercise of its functions to address the Public Sector Equality Duty (PSED). This requires public bodies to ensure due regard to the need to advance equality of opportunity; foster good relations between people who share a “protected characteristic” and those who do not and take action to eliminate the potential of discrimination in the provision of services.
- 8.3 Any issues identified through the equality analysis will be given full consideration and agreed mitigating actions will be delivered through the standard contract delivery and reporting mechanisms.

Approved by: Yvonne Okiyo, Equalities Manager

## **9 ENVIRONMENTAL IMPACT**

- 9.1 Any issues emerging in reports to the relevant Cabinet Member will require these considerations to be included as part of the standard reporting requirements, and will not proceed without full consideration of any issues identified.

## **10 CRIME AND DISORDER REDUCTION IMPACT**

- 10.1 Any issues emerging in reports to the relevant Cabinet Member will require these considerations to be included as part of the standard reporting requirements, and will not proceed without full consideration of any issues identified.

## **11 DATA PROTECTION IMPLICATIONS**

- 11.1 Will the subject of the report involve the processing of ‘personal data’?

NO

- 11.2 Has a Data Protection Impact Assessment (DPIA) been completed?

NO

Data Protection Impact Assessments have been used to assess the actual or likely impact of the decisions related to contracts mentioned in this report and mitigating actions have been defined where appropriate.

Approved by: Rachel Soni, Interim Director of Commissioning & Procurement

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**CONTACT OFFICER:**

<b>Name:</b>	Bianca Byrne
<b>Post title:</b>	Head of Commissioning and Procurement (Corporate)
<b>Telephone no:</b>	63138

**BACKGROUND DOCUMENTS:**

The following public background reports are not printed with this agenda, but are available as background documents on the Croydon Council website agenda which can be found via this link [Cabinet agendas](#)

- *Document Storage Award*
- *Lateral Flow Testing Variation (To Note)*
- *Coulsdon College Site Modular Building Contract Variation*

For Publication

For General

<b>REPORT TO:</b>	<b>CABINET 12 July 2021</b>
<b>SUBJECT:</b>	<b>Integrated Drug &amp; Alcohol Treatment Service</b>
<b>LEAD OFFICER:</b>	<b>Rachel Soni, Director of C&amp; P Rachel Flowers – Director of Public Health</b>
<b>CABINET MEMBER:</b>	<b>Councillor Campbell – Families, Health and Social Care Councillor Young – Resources and Financial Governance</b>
<b>WARDS:</b>	<b>All</b>

### **COUNCIL PRIORITY/POLICY CONTEXT/ AMBITIOUS FOR CROYDON**

The recommendation in this report to award an integrated drug and alcohol treatment service for adults and young people addresses the Council's key priorities of:

- **We will live within our means, balance the books and provide value for money for our residents.** The contract value equates to an identified budget that has not been overspent from the external Public Health Grant for this service.
- **We will focus on tackling ingrained inequality and poverty in the borough.** This service will have a trauma informed and whole family approach and will work across health and social care to ensure residents seeking help for addictions are able to access opportunities for education, training and employment, with a volunteer programme and employment pathway with their service.
- **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.** This service provides health and social care to some of the most vulnerable residents who are using drugs and alcohol in a dependent and harmful way. The award is a result of a procurement exercise that evaluated the organisation against a range of questions with the aim of ensuring the contract is awarded to a provider who evidenced a track record of achieving positive outcomes through their work with their service users.

### **FINANCIAL IMPACT**

The recommendation will have no financial impact on the main Council general fund. The budget for this service has been identified from the external Public Health Grant. The identified budget from the Public Health Grant over five years is £13,300,000.

The Public Health grant to the Council is intended to support achievement against the priorities set out in the Public Health Outcomes Framework, including reducing the impact and prevalence of substance misuse.

The value of the core contract submitted by the winning bidder is within the financial envelope identified from the Public Health Grant of £13,300,000.

In addition to the Public Health budget for this contract, there are external, time-limited grants from the Mayor's Office for Policing and Crime (MOPAC) and the Ministry of Housing, Communities and Local Government (MHCLG).

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The MOPAC funding of £55,000 will be available up until 31 March 2022 for the provider to meet salary costs of staff who are delivering this project.

The MHCLG funding of £277,000 will be available up until 31 March 2023 for the provider to meet salary costs of staff who are delivering the rough sleeper project. Therefore, this gives a total budget available of £13,632,000.

Ongoing monitoring of the different pots of money will be a standing item to ensure we are assured that these grants are invested in these specific areas.

The service model has been designed to generate efficiencies through economies of scale and to enable a shift of resources to preventative services over the contract lifetime.

Savings have also been identified by including other service elements which were previously contracted and managed in-house. Savings will be utilised to support additional initiatives in line with the terms of the conditions of the Public Health grant. We have reduced the number of small individual contracts and merged them into this core contract enabling the Authority to liaise with one Lead Provider. Investing in effective services will reduce demand for substance misuse services, particularly high-cost crisis provision, by supporting improved levels of sustained recovery.

Annual reviews have been built into the specification and contract management to ensure value for money.

### **FORWARD PLAN KEY DECISION REFERENCE NO.: 2121CAB**

This is a Key Decision as defined in the Council's Constitution. The decision may be implemented from 1300 hours on the expiry of 5 working days after it is made, unless the decision is referred to the Scrutiny & Overview Committee by the requisite number of Councillors.

The Leader of the Council has delegated to the *Cabinet* the power to make the decisions set out in the recommendation below:

#### **1. RECOMMENDATION**

- 1.1 The *Cabinet* is recommended by the Contracts and Commissioning Board to approve the *award* in accordance with Regulation 28.4(c) of the Council's Contracts and Tenders Regulations for the *Integrated Drug and Alcohol Treatment Service for Adults and Young People* to the **Supplier** (identified in Part B of this report) for a contract term of 5 years for a maximum contract value stated in the part B report.
- 1.2 The *Cabinet* is asked to note that the contract award includes the provision for delivery of services (additional to core services) which are funded by the time-limited grants from the Mayor's Office for Policing and Crime (MOPAC) and the Ministry of Housing, Communities and Local Government (MHCLG) referred to in the Financial Impact section of this report.



## **2. EXECUTIVE SUMMARY**

- 2.1 The purpose of this report is to seek Cabinet approval to award a contract for a drug and alcohol engagement, treatment and recovery service following completion of an open tender process under a light touch regime procurement exercise.
- 2.2 The proposal supports the key policy objective of: **Croydon Health and Wellbeing Strategy** - Develop a whole person approach to care for people with co-occurring mental health and substance misuse.
- 2.3 The new service will provide recovery-focused care pathways for both adults and young people. This will include proactive engagement, holistic person-centred treatment packages, and recovery and relapse prevention support. Additionally, there are preventative elements through targeted early intervention as well as support and training for the wider workforce.
- 2.4 The recommendation will have no financial impact on the main Council general fund. The budget for this service has been identified from the external Public Health Grant and is shown in the budget strategy section.
- 2.5 The content of this report has been endorsed by the Contracts and Commissioning Board.

<b>CCB ref. number</b>	<b>CCB Approval Date</b>
CCB1672/21-22	30/06/2021

## **3. Background and Need**

- 3.1 The impact of drug and alcohol misuse is widespread and affects health, crime, domestic violence, sickness absence and lost productivity. Investment in engagement, treatment and recovery services reduces the demand for other public services. Poor outcomes for service users can result in additional Council spend in the medium and longer term. Crisis re-presentations are high cost and there is further cost to the public purse where treatment is not completed and recovery is not sustained. This includes additional spend against services for looked after children, housing, adult social care, and community safety. As such, a quality service represents a greater efficiency for the Council.
- 3.2 The 2020 Croydon Drug & Alcohol Needs Assessment showed a high level of unmet need in the borough for people needing treatment for opiates, crack and alcohol. Delivery of the current model through the use of one central hub has concentrated high numbers of people in one place and created a perception of the service being overwhelmed. A future delivery model will include satellite or alternative hubs in the community, to align with other front line work in the localities being implemented across the borough.

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- The national cost of a drug/alcohol user is estimated at £44k per individual.
- Alcohol treatment reflects a return on investment of £3 for every £1 invested, which increases to £26 over 10 years.
- Drug treatment reflects a return on investment of £4 for every £1 invested, which increases to £21 over 10 years.

### 3.3 The service model

3.3.1 For Croydon, recovery is not only the successful completion of treatment, but also the increased personal resilience and improved life outcomes for the service user. The new engagement, treatment and recovery service will achieve this by:

- Using innovative, evidence based approaches to support service users;
- Promoting positive examples of people in recovery;
- Providing a clear and visible recovery;
- Responding effectively, efficiently and flexibly to changing needs and trends;
- Supporting successful sustained recovery, enabling the shift of resources to emerging priorities including prevention;
- Providing a family focused holistic service.

3.3.2 The provider will be required to deliver a flexible service model with increased levels of outreach and working away from the service hub. There is also a shift to deliver support through digital solutions which has proved successful throughout the Covid pandemic as an additional care pathway.

### 3.4 The Procurement Process

3.4.1 The procurement was undertaken in line with the strategy agreed by CCB and Cabinet on 22<sup>nd</sup> March 2021 (CCB1661/20-21). The process was an open light touch regime tender, with evaluation weighting of 60% quality and 40% cost. The specification was needs based and outcome focused meaning that tenderers were required to identify the service solution that best met identified outcomes, within specific parameters. The Council's affordability threshold of £13,300,000 over the initial five year term was disclosed to bidders at Invitation to Tender (ITT) stage, reducing the risk that tendered bids would be in excess of the budget allocation.

The value of the additional external, time-limited grants from MOPAC and MHCLG (£332,000) was also included within the procurement documentation as this funding had already been awarded to the Authority in order to deliver specific initiatives to support people who abuse substances, therefore we required a new provider to continue the work of these initiatives. No tender submission received was priced above the affordability level.

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3.4.2 The procurement process undertaken is outlined below:

Date	Activity/Outcome
Dec 2021	Advance information notice published and expressions of interest opened on the London Tenders Portal
13 Apr 2021	Tender opportunity advertised via the Council's website and the London Tenders Portal
19 Apr 2021	Market Engagement Exercise
28 Apr 2021	Deadline for clarification questions via the London Tenders Portal
13 May 2021	Deadline for completed ITT submissions
17-28 May 2021	Evaluation of ITT submissions
14 Jun 2021	Evaluation panel moderated scores and agreed recommendation for contract award

3.4.3 Six ITT submissions were received and evaluated against method statements and price using the criteria as set out in the ITT. Tender responses were evaluated for compliance and cost by the Buying and Procurement team.

Evaluation Section	Criteria	Weight
<b>Qualitative Evaluation (60%)</b>	<b>Method Statements</b>	<b>60%</b>
	Social Value	10%
	Premier Supplier Programme (PSP)	2%
	Implementation	2%
	Service Delivery	8%
	Harm reduction; Access; Engagement; Early Intervention and Prevention	5%
	Specialist Community Treatment	5%
	Recovery; Reintegration; Relapse Prevention	5%
	Partnership Working	5%
	Young People's Service Specific Question	2%
	Workforce	4%
	Governance Standards	2%

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	Safeguarding Children and Vulnerable Adults	2%
	Service Improvement	2%
	Demand Management and Service Flexibility	2%
	Access and Location	2%
	Information Management and Performance	2%
<b>Commercial (40%)</b>	<b>Price</b>	<b>40%</b>

3.4.4 The qualitative evaluation was completed by an evaluation panel comprising:

- Public Health Consultant
- Senior Commissioning Officer
- Head of Service Early Help;
- a GP
- Adult Social Services Social Worker for substance misuse
- 2 ex-Service Users/Peer Mentors
- Young Person (YP) Service User;

The tender evaluation was completed by each individual member of the evaluation team and then moderated collectively.

3.4.5 The response to each method statement question and the YP scenario were evaluated using a 0-5 scale. In order for the tender submission to be considered compliant. Tenderers were required to achieve a minimum score of three (satisfactory) for each method statement and for the YP scenario.

3.4.6 The table below is shown in Part B with the identified suppliers named.

<b>Six Tenders Evaluated</b>			
<b>Company</b>	<b>Quality Score</b>	<b>Price Score</b>	<b>Total Score</b>
<b>Supplier 1</b>	<b>49.20%</b>	<b>36.49%</b>	<b>85.69%</b>
<b>Supplier 2</b>	<b>38.80%</b>	<b>36.36%</b>	<b>75.16%</b>
<b>Supplier 3</b>	<b>41.00%</b>	<b>37.19%</b>	<b>78.19%</b>
<b>Supplier 4</b>	<b>42.60%</b>	<b>40.00%</b>	<b>82.60%</b>
<b>Supplier 5</b>	<b>39.60%</b>	<b>36.35%</b>	<b>75.95%</b>
<b>Supplier 6</b>	<b>42.60%</b>	<b>36.76%</b>	<b>79.36%</b>

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- 3.4.7 As a result of the scores achieved in the above table, Supplier 1 was evaluated as submitting the Most Economically Advantageous Tender (MEAT). Part B of this report names this provider and recommends that the contract is awarded to them.
- 3.4.8 The tender made reference to an option to extend the contract by up to two years, however any such extension will be subject to agreed pricing and further governance approval.

## **4. CONSULTATION**

- 4.1 A Substance Misuse Study was carried out July-September 2020. A range of stakeholders including residents, professionals, young people, carers, and service users were consulted. Online surveys, interviews and group meetings took place throughout July - September 2020.
- 4.2 Recommendations noted for the adult service were:
- A flexible service model with increased levels of outreach and working away from the service hub with enhanced pathways with partner organisations
  - Training for frontline non-substance misuse practitioners
  - Alcohol Identification and Brief Advice in primary care, in accordance with NICE guidance
  - Improved support for people with both a substance misuse and a mental health problem
- 4.3 Recommendations for the young people's service were:
- Social marketing initiatives and work reaching out into the community
  - Improved links with young people's mental health services
  - Expand remit to include those up to 25 years of age

## **5 PRE-DECISION SCRUTINY**

- 5.1 This report did not go to a Scrutiny meeting.

## **6 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS**

- 6.1 The budget for this service is funded from the external ring-fenced Public Health Grant. Treatment and Care for residents who abuse substances is a condition of that grant. The Authority is responsible for ensuring these services are available for those in need in order to improve health and well-being and therefore falls under the essential spend criteria of "expenditure required to deliver the councils statutory services at a minimum possible level" and "urgent expenditure to safeguard vulnerable residents".

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- 6.2 The Public Health grant to the Council is intended to support achievement against the priorities set out in the Public Health Outcomes Framework, including reducing the impact and prevalence of substance misuse.
- 6.3 The identified financial envelope from the Public Health Grant over five years is £13,300,000. The additional external, time-limited grants from MOPAC and MHCLG is £332,000. This makes the total contract value £13,632,000
- 6.4 The contract value of £13,632,000 equates to the identified budget that has not been overspent from the external Public Health Grant for this service. The additional external, time-limited grants from MOPAC and MHCLG are also paid into the Public Health budget for Substance Misuse.
- 6.5 This supports the Croydon Renewal Plan priority to live within our means, balance the books and provide value for money for our residents.
- 6.6 **Revenue and Capital consequences of report recommendations**

Please see Part B report for financial figures.

### **6.7 The effect of the decision**

The award of this contract will commit the Council to the expenditure through the Public Health Grant as detailed in the associated Part B report (subject to standard contractual break clauses).

The Authority is only committed to pay the provider in relation to the specific initiatives as outlined in the terms and conditions of the grants received from MOPAC and MHCLG. If these initiatives are no longer funded externally by from MOPAC and MHCLG, then these initiatives will cease and will not be the responsibility of the Authority to provider or for the supplier to deliver. This is also written into the terms and conditions of the contract for the Integrated Drug & Alcohol Engagement, Treatment & Recovery Service.

### **6.8 Risks**

If this award does not take place, we will be out of contract with the incumbent provider and there could be no alternative service available to work with people who misuse substances. This would result in a large number of individuals being left without support for their treatment needs or access to opiate substitute prescribing. In turn; this is likely to lead to increased crime to fund drugs on the black market and deterioration of health and well-being.

Risk	Mitigation
Risk of procurement challenge from non-successful bidders	<p>Robust procurement process undertaken supported by category manager and procurement officer.</p> <p>Detailed feedback will be provided in the unsuccessful tender letter.</p> <p>10 day standstill period in line with Public Contracts Regulation 2015 will be adopted.</p>
Risk that available budget reduces over contract lifetime	<p>Funding has been allocated for the contract based on the available Public Health Grant funding.</p> <p>The service model has been designed to generate efficiencies through economies of scale and enable a shift of resources to preventative services over the contract lifetime. Bidders were asked to model their service in line with this approach.</p> <p>Break clauses, annual contract reviews and contract variation provision have been included within the contract.</p>
Risk that the project does not deliver and/or achieve priority outcomes for substance misuse	<p>The specification is outcome focused and the model provides the flexibility to respond swiftly to changing needs and demands.</p> <p>Bidders committed to specific performance levels against key outcomes as part of the tendering process. Delivery against this will be monitored as part of the contract management process.</p> <p>Clear quality standards were stipulated and form part of the contract as well as informing contract monitoring.</p> <p>There are robust contractual mechanisms for varying the terms of the contract, to agree remedial action to address performance issues, and for terminating the contract.</p> <p>Contract extension beyond the initial term, will be dependent on both budget availability and the performance of the provider.</p>

## 6.9 Options

Option 4 was recommended and approved from the Procurement Strategy report and deemed the most appropriate.

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1	Do nothing	This would mean the current contract would end leaving the Authority with no service and not meeting the conditions of the Public Health grant
2	Extend the current contract	All extensions of the current contract have been implemented and no further extensions are available.
3	Bring the service in-house	The relevant expertise to deliver this service are not available within the Council.
4	Undertake a procurement for the service	This would meet the Authority Tender and Contract Regulations and ensure the Authority is meeting its conditions of the Public Health grant

Having undertaken a successful procurement exercise, we wish to award a contract. Alternative options would only be considered if the procurement exercise was not successful.

### 6.10 Future savings/efficiencies

The service has been designed with a responsive and flexible model to provide a scalable service, which can reflect changing profiles of need and changes to the Council's funding position. Annual contract reviews will allow further efficiency reviews to ensure optimum benefits are delivered against changing needs and priorities. The aim of the contract is to ensure we are improving access by getting people into treatment and care sooner and smarter. This will help to be able to support more people but at no greater cost to the Authority.

Approved by: Mirella Peters, Finance Manager

## 7. LEGAL CONSIDERATIONS

- 7.1 The Interim Head of Commercial and Property Law comments on behalf of the Interim Director of Law & Governance that the Cabinet has authority pursuant to the Tenders and Contracts Regulations to approve the award of contracts exceeding £5million in value.
- 7.2 Procurement of contracts of the type and value described in this report must comply with the provisions relevant to the light touch procedures described in the Public Contracts Regulations 2015.
- 7.3 Other relevant legal considerations are set out in the report.

Approved by Nigel Channer, Interim Head of Commercial and Property Law on behalf of the Interim Director of Law and Governance & Deputy Monitoring Officer



## **For Publication**

### **8. HUMAN RESOURCES IMPACT**

- 8.1 There are no direct matters arising from this report for Croydon Council employees or staff.
- 8.2 Any new provider will however be required to take on the staff from the incumbent provider as applicable in adherence to TUPE legislation.

Approved by: Gillian Bevan on behalf of the Director of Human Resources

### **9. EQUALITIES IMPACT**

- 9.1 Through this re-procurement, the Council focused on strengthening prevention activities, and priority groups were identified according to their vulnerabilities and needs, including children and young people, those who are homeless, pregnant women.
- 9.2 An EQUIA was undertaken to ascertain the potential impact on groups that share protected characteristics.
- 9.3 Unifying provision of substance misuse support for young people via a single contract will have an anticipated positive impact on the outcomes for young people, as working relationships and pathways are strengthened and monitored uniformly. It also allows for a transition from young persons focused provision to adult service provision if required with the same continuity for the client.
- 9.4 The treatment provider will need to work with partners to understand current trends in relation to young people accessing services and establish pathways to put in place, mitigating actions that will improve on these current trends.
- 9.5 The successful provider will need to demonstrate how they have ensured accessibility for service users living with a disability—in terms of accessibility to premises and consultation rooms, provision of accessible visual and audio materials (including Easy Read), and the digital offer for all clients.
- 9.6 There is concern locally about increasing numbers of women misusing alcohol, despite the majority of service users being male. The successful provider will be encouraged to consider the value of gender specific group work programmes and the flexibility to offer same sex keyworkers in order to facilitate improved therapeutic relationships. This also includes ensuring accessibility to service provision for women with childcare responsibilities, including consideration of digital support.
- 9.7 The service provider will be expected to act sensitively with all clients, respecting and responding to their beliefs, choices and preferences.
- 9.8 Within the tender specification documents, there is a requirement for services to identify and provide specific support to LGBTQ clients. This will help to

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provide appropriate services and support for LGBTQ individuals for their substance misuse.

9.9 The key messages of the qualitative report were:

- That substance misuse services need to be reaching out and targeting harder to engage clients, particularly those who are having a significant impact on other public services and on the wider community. This will require a flexible service model with increased levels of outreach and working away from the service hub.
- The young people's substance misuse service needs to be more assertive and focused on engaging young people in the community. The service's work in schools needs to be balanced with work reaching out into the community.

9.10 The outcome following the completion of the EIA is:

No major change - the Equality Impact Analysis demonstrates that the policy is robust and that the evidence shows no potential for discrimination and that all opportunities to advance equality have been taken.

9.11 The EQUIA is attached as a background paper for the report.

Approved by: Yvonne Okiyo, Equalities Manager

## 10. ENVIRONMENTAL IMPACT

10.1 The supplier will require an environmental and sustainability policy in place to ensure their commitment to the use of recyclable products and promotion of forms of travel that support a reduction in carbon emissions, where possible.

10.2 As part of the needle exchange service within this procurement, there is a requirement to use a registered, hazardous waste collection service to dispose of used needles.

## 11. CRIME AND DISORDER REDUCTION IMPACT

11.1 The National Modern Crime Prevention Strategy identifies drug and alcohol use as 2 out of 6 drivers for crime. Getting users into treatment is key, as engaging in treatment and care, in turn reduces the levels of offending.

11.2 This procurement will build on the partnerships with the criminal justice system to support offenders to access treatment with support to reduce offending behaviour.

**12. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION**

- 12.1 The reason for the recommendation to award the drug and alcohol service to the identified supplier is to ensure that support for residents who are struggling with drug and alcohol use are able to access specialist treatment.

**13. OPTIONS CONSIDERED AND REJECTED**

- 13.1 Having considered the options in section 6.4 and the procurement processes in section 3.19, we have rejected the alternative options due to them not meeting the Authorities duty or Tender and Contracting Regulations.

**14. DATA PROTECTION IMPLICATIONS**

- 14.1 **WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?**

**YES**

The service will be joint data controllers with the Council. A data protection impact assessment was completed as part of the tender documents for the contract terms and conditions. A data sharing agreement is required to be entered into which Legal Services will be instructed to prepare.

- 14.2 **HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?**

**YES**

"The Director of Public Health comments that this is acceptable"

Approved by: Rachel Flowers, Director of Public Health

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**CONTACT OFFICER:**

Leanne Bobb, Category Manager, Public Health & Prevention, Tel: 07729 622898

Karen Handy, Senior Commissioning Officer, Public Health & Prevention, Tel: 07436034280

**BACKGROUND PAPERS:**

Equality Analysis

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<b>REPORT TO:</b>	<b>Cabinet Member for Sustainable Croydon</b>
<b>SUBJECT:</b>	<b>Arboricultural Services Contract Variation</b>
<b>LEAD OFFICER:</b>	<b>Steve Iles, Director of Public Realm</b>
<b>CABINET MEMBER:</b>	<b>Councillor Muhammad Ali, Cabinet Member for Sustainable Croydon</b> <b>Councillor Callton Young , Cabinet Member for Resources and Financial Governance</b>
<b>WARDS:</b>	<b>All</b>

**COUNCIL PRIORITIES 2020-2024**

**Croydon Council Corporate Plan alignment:**

The Council recognises that it has certain legal obligations under the Health and Safety at Work Act 1974, The Management of Health and Safety at Work Regulations 1999, The Highways Act 1980 and The Construction (Design and Management) Regulations 2015 and consequently aims to abide by the duties owed.

The Council recognise that they have a duty of care to the public and visitors to its premises, to do all that is reasonably practicable to ensure that the risk from trees under its control is suitably managed. The council's approach to the management of risk from trees will be proportionate to the risk and resources available.

Summary of Manifesto Obligations

The effective management and maintenance of the borough's trees on the Highway, HRA sites, woodlands, parks and green spaces is a key priority for the Administration, as set out in the manifesto:

"Parks and green spaces are vital to our busy town because they help to make Croydon liveable. They help to create healthy communities where everyone can exercise and have fun".

The key objectives set out in the manifesto that this service supports are:

- Working with local communities to enable them to take the decisions that affect their parks.
- Carry out its duty of care as landowners to mitigate as best as practicable the risk from trees
- Ensuring Croydon is a place that values the arts and culture, where sport is accessible and encouraged.
- Working to make our parks, open spaces and highway safe for all.
- Planting 3,500 new street trees by 2023, on streets and open spaces with priority given to areas of high air pollution.

### **Croydon Local Plan:**

- Improve accessibility, connectivity, sustainability and ease of movement to, from and within the borough.

Theme 5. Where there is a cleaner and more sustainable environment

- *Outcome b. Improved air quality especially at or near schools*

Theme 6. Where we value the arts, culture and sports

- *Outcome a. Croydon's cultural offer enhances our town and creates places where people want to live, work and visit.*
- *Outcome b. Good, affordable and accessible sports and leisure facilities enable people to be as active and healthy as they want to be.*
- *Outcome c. Our parks and open spaces are safe, pleasant, thriving places where everyone can exercise and have fun.*

Theme 10. Where there is an excellent, modern, and efficient council, working closely with residents and communities

- *Outcome b. The Council provides value for money, using council assets more effectively, keeping more spend in Croydon and delivering more services with the voluntary sector and communities.*

### **FINANCIAL IMPACT**

The Arboricultural Services are currently delivered under a contract that was awarded in 2008 for an initial period of 7 years with an option to extend for a further 3 years. This contract was due to expire on 31 July 2018 with a total spend of £6.5m spend (£650k annually over 10yrs).

The contract was further extended twice for a period of 32 months from July 2018 to April 2021 with a spend of £2,321,369 during that 32 month period.

The current proposal for a final extension will be for a further of 9 month period from 1<sup>st</sup> April 2021 to 31<sup>st</sup> December 2021. The extension period will have a maximum spend limit of £400k.

Total contract value inclusive of the proposed extension = £9,221,368

Total extension percentage increase from July 2018 to 31<sup>st</sup> Dec 21 is 42%  
Proposed extension percentage increase from 1<sup>st</sup> April 2021 to 31<sup>st</sup> Dec 2021 is 4.5%

An extension of the existing arboricultural maintenance service from 1st April 2021 to 31<sup>st</sup> December 2021 will equate to a maximum revenue and grant award spend of £400,000.

Total cost of Revenue and Capital inclusive of this amendment amounts to £9,221,369.

The annual revenue and capital budget for the arboricultural service since 2008

(financial year starting in April) has been summarised in the table in section 5 below.

The Leader of the Council has delegated to Cabinet the power to make the decisions set out in the recommendations below:

## **1. RECOMMENDATION**

The Cabinet is recommended by the Contracts and Commissioning Board to approve

- 1.1 In accordance with Regulation 30.3 of the Council's Contracts and Tenders Regulations, the extension by way of variation of the contract for Specialist Arboricultural works with City Suburban Tree Surgeons Limited for nine (9) months from 1st April 2021 to 31st December 2021 at a value of £400,000 (maximum contract value, including this proposed extension will be £9,221,369).

## **2. EXECUTIVE SUMMARY**

- 2.1 Arboricultural services within the borough has been delivered by a supply chain partner (City Suburban Tree Surgeons Limited) by a formal contract since 2008. The last contract extension ended on the 31<sup>st</sup> July 2019. A further extension was requested from 1<sup>st</sup> Aug 2019 to 31<sup>st</sup> March 2021. Due to a legal challenge from the incumbent tree works supplier, City Suburban, in relation to utilising the incumbent Highway supplier for future tree works, the potential financial risk from the challenge to the Authority was deemed too high. A further extension now is required from 1st April 2021 to 31<sup>st</sup> December 2021. During this period the Council will go out to open procurement for the service.
- 2.2 The works will consist of only emergency and essential tree works required by the Council to ensure its compliance and duty of care in regard to health and safety regulations.
- 2.3 An extension of the existing arboricultural maintenance service from 1st April 2021 to 31<sup>st</sup> December 2021 will equate to a maximum spend of £400,000 for this financial year.
- 2.4 The 9 month extension will also allow Estates Department to regularize the basis of occupation of two depots used by City Suburban since 2008, by way of formal lease arrangement. City Suburban have agreed to this in principle. Currently no information is available on this agreement and the two depots have been utilised free of charge since that date. It is envisaged that a peppercorn rent will be charged for the extension period until 31<sup>st</sup> December 2021, to ensure the schedule of rates remain unchanged.

- 2.5 The content of this report has been endorsed by the Contracts and Commissioning Board.

CCB ref. number	CCB Approval Date
CCB1687/21-22	09/06/2021

### 3. BACKGROUND

- 3.1 The Councils approximated trees and woodlands asset management liability consists of on-street trees (C,35k), parks and open space areas (C,130 estimate), ancient woodlands (C, 500 hectares) and housing sites (C, unknown).
- 3.2 Historically the Council has an established three to five year tree management plan for all trees within its portfolio. The focus is maintenance in the form of general maintenance, pruning and risk reduction across the borough. However due to the serious nature of the Authorities financial situation it has been agreed that only emergency and essential tree works will be undertaken for the duration of this extension period.
- 3.3 The maintenance and investment element of the service has been delivered by a supply chain partner (City Suburban Tree Surgeons Limited) formally engaged and contracted to deliver the service in 2008.
- 3.4 In July 2018 a one (1) year contract extension was applied by issue of a deed of variation, this started in August 2018 and ended in July 2019. The extended contract value (price) was not fixed, it was subject to agreed rates measured on a works instructed and completed basis (Deed of Variation Seal number 244739). The contract extension value was £921,000.
- 3.5 The existing contract including extensions ended on the 31st July 2019. This variation report is proposing that the Council issue a deed of variation, for extension of the contract from 1st April 2021 to 31<sup>st</sup> December 2021. The extended contract value (price) by application of agreed rates measured on a works instructed and completed basis will be £400,000. The proposed deed of variation extension to December 2021 equated to percentage increase measured against the value of the original contract of 12%.
- 3.6 The Council is preparing a procurement strategy which provides a full evaluation of the procurement and future delivery options available to the Council for future service provision.



#### 4. CONSULTATION

- 4.1 There are no statutory consultation requirements for this type of service. Internal consultation has taken place with Finance, Legal, ICT and HR departments.

#### 5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 5.1 No risk to the Authority if extension is agreed as existing terms have been agreed with the current provider. Revenue budget is available as previous years so no additional costs or savings are assumed.

##### 5.2 Revenue and Capital consequences of report recommendations

	Current year 2020/21	Medium Term Financial Strategy – 3yr forecast 2021/22	2022/23	2023/24
<b>Revenue available</b>	<b>£813,000</b>	<b>£650,000</b>	<b>£650,000</b>	<b>£650,000</b>
Expenditure	£634k	£400k	£ 650k	£650k
Income	£0 k	£0k	£ k	£ k
<b>Effect of decision from report</b>				
Expenditure	£643k	£400k	£650 k	£650 k
Income	£0 k	£0 k	£ k	£ k
Remaining budget	£170k	£250k	£0 k	£0 k
<b>Capital Budget available (External GLA Grant Money)</b>				
Expenditure	£116 k	£not known	£ k	£k
<b>Effect of decision from report</b>				
Expenditure	£116 k	£ k	£ k	£ k
Remaining budget	£0 k	£0 k	£0 k	£0 k

##### 5.3 The effect of the decision

- 5.3.1 The effect of the decision is an expected revenue spend of £400,000 for essential and emergency tree works from 1st April 2021 to 31<sup>st</sup> December

2021. The contract extension will be implemented by issue of a deed of variation, the existing supplier has already agreed to accept this proposal.

5.3.2 The approval of this recommendation will provide continuity of the emergency and essential services needed and further allow the Council to go to tender for the services for a new contract start date of 1<sup>st</sup> January 2022.

5.3.3 The essential spend justification is that all emergency works for trees is a statutory service for the Council. Preemptive work on trees, will also decrease the costs of emergency works in the future, for the Council.

#### **5.4 Risks**

5.4.1 Although an extension of the existing arboricultural services provision will not have any additional or altered impact on the risk profile of the service there is a requirement for the Council to formalise its contracted requirement for service delivery in the short, medium and long term.

5.4.2 The Council is preparing a business case which will identify future risks and appropriate mitigation measures.

5.4.3 As with any variation to extend, there is a potential risk of challenge however under Regulation 72(1) (b) PCR 2015 modifications are permitted during their term for additional works, services or supplies by the original contractor that have become necessary and were not included in the initial procurement, where a change of contractor (i) cannot be made for economic or technical reasons, and (ii) would cause significant inconvenience or substantial duplication of costs, provided that any increase in price does not exceed 50% of the value of the original contract. This section applies to this extension because changing the contractor cannot be made for economic reasons, would significant inconvenience or substantial duplication of costs for the Council and this modification is a 42% increase in price. Therefore, the Council considers that this is a permitted modification under the PCR.

#### **5.5 Options**

See Section 12 below.

#### **5.6 Future savings/efficiencies**

5.6.1 The short / medium term cost of continued engagement with the existing supplier will be low when compared with current industry practice and rates, primarily because:

- The measured rates included within the existing contract have been reviewed / adjusted for inflation (indexed) annually since 2008.
- The specification and delivery requirements included within the existing contract have not changed since 2008.

5.6.2 Although the costs will remain lower in the short to medium term continued engagement with the existing supplier cannot be considered as an acceptable

long-term solution, the key reasons being:

- The existing specification and contract terms and conditions are outdated in terms of quality, performance and the latest health and safety requirements.
- At contract term end (March 2021), extended by issue of deed of variation, the contract will have been extended 2.5 years beyond the original ten (10) year contract provision (ie, seven (7) contract plus year (2.5) extension).

5.6.3 The Council has therefore prepared a business case which provides a full evaluation of the procurement and future delivery options available to the Council, this document will form the content of the Review Point 1 (RP1) document for future service provision.

Approved by: Geetha Blood Head of Finance Place Department.

## **6. LEGAL CONSIDERATIONS**

6.1 The legal considerations are as set out within this report.

Approved by: Doutimi Aseh, Interim Director of Law and Governance

## **7. HUMAN RESOURCES IMPACT**

7.1 An extension of the existing arboricultural services provision will not have any additional or altered impact on human resources.

7.2 The Councils business case which outlines the options for future arboricultural services provision and makes recommendation on the preferred long-term solution for the Council will consider the impact on human resource.

## **8. EQUALITIES IMPACT**

8.1 An Equality Analysis has not been undertaken because the proposed change is not relevant to equality. There are no known equalities matters arising from the recommendation to continue with this model of delivery.

Approved by, Yvonne Okiyo, Equalities Manager

## **9. ENVIRONMENTAL IMPACT**

9.1 The current supplier recycles 100% of the waste arising's with much of the woodchip going to energy from waste.

## **10. CRIME AND DISORDER REDUCTION IMPACT**

10.1 There are no crime and disorder reduction impacts arising from this report.

## **11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION**

11.1 A 9 month extension of the existing arboricultural services contract is required so the Council can continue to deliver its statutory duty of care and essential works, whilst allowing time to consider the future delivery options available.

## **12. OPTIONS CONSIDERED AND REJECTED**

12.1 Do Nothing (rejected) – Cannot be considered as a viable option because the Council has a statutory obligation to maintain the highway.

12.2 Procure Alternative Service (rejected) – Cannot be considered as a viable option within the given timescales. However -

A number of options have been identified within the Council's business case but they cannot be procured within the timescales available. The timetable has been so tight because the current provider started legal action against the Council's strategy to work with a term contractor. It was therefore decided that a contract extension would be requested and a new service provision would then be implemented by 1<sup>st</sup> January 2022.

12.3 Contract Extension (preferred option) – This is the preferred option because procurement of an alternative service provision within the given timescales is impractical.

## **13. DATA PROTECTION IMPLICATIONS**

13.1 **WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?**

NO

13.2 **HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?**

NO

Approved by: Steve Iles, Director of Public Realm

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**CONTACT OFFICER:** Mathew Burnell, Trees and Woodlands Manager

**BACKGROUND DOCUMENTS:** None

<b>REPORT TO:</b>	<b>Cabinet 12 July 2021</b>
<b>SUBJECT:</b>	<b>Section 75 Partnership Agreement for Public Health Nursing</b>
<b>LEAD OFFICER:</b>	<b>Rachel Flowers and Debbie Jones - Executive Directors Pasquale Brammer - Head of Service</b>
<b>CABINET MEMBER:</b>	<b>Councillor Alisa Flemming Cabinet Member for Children, Young People and Learning</b>
<b>WARDS:</b>	<b>All</b>
<p><b>COUNCIL PRIORITIES 2020-2024</b>  <a href="#"><u>Croydon Renewal Plan</u></a></p> <p>These services are aligned to the council's new priorities and ways of working in which we will:</p> <ul style="list-style-type: none"> <li>• Live within our means, balance the books and provide value for money for our residents.</li> <li>• Focus on tackling ingrained inequality and poverty in the borough.</li> <li>• Follow the evidence to tackle the underlying causes of inequality and hardship, like structural racism, environmental injustice and economic justice.</li> <li>• Focus on providing the best quality core service we can afford.</li> </ul> <p>The proposals in this paper meets the criteria for essential expenditure in accordance with the financial guidance.</p>	

<p><b>FINANCIAL IMPACT</b></p> <p>To enter into a new Section 75 Agreement for Public Health Nursing (comprising Health Visiting, School Nursing, and the Family Nurse Partnership) with Croydon Health Services NHS Trust (CHS) for the period 1 July 2021 to 31 March 2028, at a cost of £6.107m in year 1, including an additional £250k investment, but plus annual inflation uplifts (to be confirmed), including Agenda for Change (AfC) national salary uplifts, in order to prevent year on year staffing reductions.</p> <p>Funding is sourced from the ring-fenced Public Health Grant, which has nationally specified requirements for delivery of prevention, health protection, health and well-being programmes, including the delivery of the Healthy Child Programme, which is delivered by Public Health Nursing Services.</p> <p>Should the Public Health Grant allocation allow, future commissioning intentions are to prioritise investment of a further £350k from year 2 of the contract (from 1<sup>st</sup> July 2022), on a return to more normality of service provision, following the disruption caused by</p>
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COVID-19. In addition to the caveat concerning PH Grant future funding allocations, this proposed further investment is also subject to satisfactory progress against targets in year 1 of the contract. This will bring the services to a minimum investment level to enable satisfactory delivery of the key mandated checks required as part of the national Healthy Child Programme.

Modelling work undertaken early last year demonstrates high caseloads within the service, with Croydon funding of Public Health Nursing services being one of the lowest in London. This has contributed to additional pressures on performance, particularly in the coverage and delivery of the five nationally mandated health checks. This modelling work, plus recommendations from a recent Care Quality Commission report, indicate that this further investment is needed to achieve a sustainable and satisfactory level of performance and to support necessary recruitment and retention of staffing.

The contract will be let for a maximum period of 7 years, with an initial term of 2 years, with options to extend for further periods of 2 years, plus 2 years, plus 1 year, subject to satisfactory progress in performance and at the discretion of the Council. This method allows for 3 break clauses in the contract to review service delivery and performance.

If the Public Health Grant to Croydon is reduced in future years, all commissioning related to this grant would need to be reviewed. This would include the overall financial envelope with CHS. Equally, the PHN budget will remain under review, should resources within the PH ring-fenced grant allow, to potentially increase the PHN budget further, to bring more into line with other boroughs and local need. Decisions would need to be taken at this time as to the most appropriate areas for funding reduction and changes to levels of service activity as required. The contract will need to have the ability to be flexed, should funding levels change.

### **FORWARD PLAN KEY DECISION REFERENCE NO.: 2821CAB**

The notice of the decision will specify that the decision may not be implemented until after 13.00 hours on the 6th working day following the day on which the decision was taken unless referred to the Scrutiny and Overview Committee

The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below:

#### **1. RECOMMENDATIONS**

- 1.1 The Cabinet is recommended by the Contracts and Commissioning Board to approve
  - 1.1.1 Entering into a Section 75 Agreement in accordance with Regulation 28.4(c) of the Council's Contracts and Tenders Regulations for Public Health Nursing to Croydon Health Services NHS Trust (CHS) for an initial term of 2 years commencing 1 July 2021 with extension periods of 2 + 2 + 1 years for a maximum agreement value of £6.107m per year, plus inflationary costs, plus additional investment of £350k from year 2.

1.1.2 Future, nationally set, AfC salary uplifts and inflation rates are not known, but based on previous years they are assumed at 2.4% for 2022/23, then 2% per year thereafter. The total value of the contract therefore, including extension periods and with assumed inflationary costs, is estimated at a maximum value of £7.477m at year 7 (£48.982m for the full 7 years).

## **2. EXECUTIVE SUMMARY**

2.1 Local Authorities, through their Public Health Departments, are responsible for commissioning the Healthy Child Programme 0 -19 years. The purpose of this report is to seek permission to entering into a Section 75 Agreement under the NHS Act 2006 to CHS to deliver the Public Health Nursing service, which delivers the Healthy Child Programme 0-19 years, (comprising Health Visiting, School Nursing and Family Nurse Partnership), for the period 1 July 2021 to 31 March 2028.

2.2 The Authority must exercise a number of health service functions in respect of securing the provision of 'Best Start' Child and Family Life Chances Services and a public health nursing service for school aged children, referred to as the "Public Health Nursing Services" in the borough of Croydon, pursuant to section 2B of, and Schedule 1 to, the NHS Act 2006.

In order to satisfy these obligations, the Authority has been working in partnership with CHS (thereon referred to as 'the Partners') in order to deliver such provision on an integrated basis.

Section 75 of the 2006 Act gives powers to local authorities and health care providers to work together, including the delegation by local authorities of certain health-related functions to NHS bodies such as CHS.

The s75 sets out each Partner's role in the provision of the Services in order to achieve their agreed aims for the Services.

These aims are to:

- (i) improve the quality and efficiency of the Services;
- (ii) facilitate the integration of public health services with related aspects of healthcare provision;
- (iii) ensure the best possible start for children and improve health outcomes for children aged 0-19 in the borough.

2.3 The Partners enter into a S75 Agreement under section 75 of the NHS Act 2006 to provide integrated health and social care services that better meet the needs of the service users of Croydon than if the Partners were operating independently. This is in line with the Authorities strategic direction and builds on the One Croydon approach.

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- 2.4 The current s75 agreement periods ran from April 2016 to March 2018, and were subsequently extended on an annual basis, for a further three years (2018/19, 2019/20 and 2020/21, with the last extension being as a result of the COVID-19 pandemic). The agreement is scheduled to finish on 31 March 2021. *(Please see points 2.7 and 2.8, which outline how the service gap has been filled).*
- 2.5 Entering into agreement for the PHN services to CHS fully promotes the One Croydon approach and the direction of travel to develop an Integrated Care System in Croydon for children services. It mitigates safeguarding risks that would be heightened through delays and difficulties in the sharing of information and data governance, if an external provider were to provide these services.
- 2.6 The funding associated with these services is contained within the ring-fenced Public Health Grant. The assumed maximum cost of the service over 7 years is £48,982,267, with the proposal being that the agreement is let as 2 years + 2 years, + 2 years + 1 year. Funding for the service will be met completely from the ring-fenced Public Health Grant.
- 2.7 The commencement of this new agreement was originally due on 1<sup>st</sup> April 2021. As a result of the pandemic, NHS England instructed that existing health services agreements be rolled forward for the duration of 2020/21. These instructions were followed for the Local Authority health commissioned services, including Public Health Nursing (PHN).
- 2.8 NHS England have further recommended that agreements for health services be again rolled forward from 2020/21 to the first and second quarters of 2021/22, due to the continued need to focus on COVID-19 planning and delivery. For PHN, the existing agreement will be rolled forward for the first quarter of 2021/2, plus part of Quarter 2 as will be necessary to allow time for the formal sign off through Council governance processes to be completed.
- 2.9 It should be noted, that PH paid the full budget for 2020/21 for these services, which were not all delivered due to NHSE instruction and in order to respond to COVID-19. To this end, 50 % of PHN staff were diverted specifically to assist in the fight against the pandemic. The service is now in a period of recovery, meaning that undelivered, rolled over services will now be provided in the first 6 -9 months of 2021/22 in conjunction with delivering 21/22 services, making 2021/22 service delivery heavy. The additional investments, in years 1 and 2 of the contract, are essential to enable sustainable, continued quality of services, ensuring maximum reach to our most vulnerable children and families.
- PHN services are already operating at a higher child:HV population ratio in comparison with other London boroughs and, as a result, were already struggling to meet all the requirements stipulated, in terms of coverage levels for mandatory checks.
  - Safeguarding work, which has also increased over the last year, must be prioritised.



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- Qualified staff are limited in number nationally and recruitment and retention of staff is therefore always a priority.
  - We know that the world has faced an unprecedented crisis with the COVID-19 pandemic and the whole of the health and care service industry (plus other essential services) has had to flex to fight this challenge together, whilst managing business as usual risks.
  - The PHN agreement is a block agreement and no proviso was made within in it, with regard to the unprecedented global crisis the world found itself facing.
- 2.10 Commissioners, in conjunction with the service, have developed a new model of delivery and reviewed performance measures, which will offer synergy with the Council's Better Start in Life, Early Help and other children's improvement journey programmes. The ambition is a sustainable and comprehensive early help and prevention offer focusing on addressing needs at the earliest point.
- 2.11 The Healthy Child Programme has a statutory duty to deliver the following services to all families in Croydon;
- National Child Measurement Programme
  - Vision Screening
  - Antenatal health promotion
  - New baby health visit
  - 6-8 week health assessment
  - 1 year health review
  - 2-2½ year health review
- 2.12 Funding for Public Health Nursing has remained unchanged since 2016, at which time Croydon's spend was approximately £150 per head (preschool children) compared to the average across London boroughs of £217 per head. An additional £2.4 million per annum investment would be required for Croydon to achieve parity with the 2016 London average.
- 2.13 Alignment of services with the Council's Best Start in Life and Early Help programmes has commenced and is being driven by the Head of Public Health Nursing since appointment in March 2019. This has already delivered change to frontline service delivery, with greater numbers of families accessing services during 2019/20, prior to the disruption caused due to the pandemic. The Head of Public Health Nursing is an active member of the Best Start in Life and Early Help planning groups and the Safeguarding Partnership, working closely with the Heads of Services to proactively deliver a more nuanced approach across the six localities taking account of the information available through the locality profiles developed by the Council.
- 2.14 NHSE instructed all PHN services to cease provision of all mandated checks during Q1 2020/21, with the exception of antenatal contacts, New Birth Visits and safeguarding activities. During this time, 50% of PHN staff were redeployed to CHS hospital services to support the fight against COVID-19.

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- 2.15 Further NHSE instruction was received in June 2020 that 6-8 week health assessments be re-instated. The service has since been implementing a recovery plan to address delayed health assessments, due to the instruction to suspend services, and is also making good progress with 1 and 2-2½ health assessments.
- 2.16 The content of this report has been endorsed by the Contracts and Commissioning Board.

CCB ref. number	CCB Approval Date
CCB1673/21-22	30/06/2021

## 3. DETAIL

### Background Information

- 3.1 There are three elements to the Public Health Nursing Agreement – Health Visiting, Family Nurse Partnership and School Nursing. These services deliver the mandated Health Child Programme 0-19 years.

### Health Visiting

- 3.2 Good health, wellbeing and resilience are vital for all our children now and for the future of our society. There is firm evidence about what is important to achieve this through robust children and young people’s public health<sup>1</sup>.
- 3.3 The programme of work delivered by Health Visiting offers every family screening tests, immunisations, developmental health needs assessments and reviews, follow up intervention, or onward referral, and information and guidance relevant to young families. These services support effective parenting and healthy choices that enhance health and wellbeing.<sup>2</sup>
- 3.4 The service is delivered at 4 levels of intensity and complexity, Community, Universal, Universal Plus and Universal Partnership Plus where there is the greatest level of need. Health Visiting provides an essential safeguarding function through their work with families and in identifying, monitoring, supporting and referral on to appropriate specialist services, when necessary.
- 3.5 Pregnancy and the first years of life are the most important stages in the life cycle for child development, with the first 1001 days being critical to child development. This is when the foundations of future health and wellbeing are

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<sup>1</sup> Best start in life and beyond: Improving public health outcomes for children, young people and families  
Guidance to support the commissioning of the Healthy Child Programme 0-19: Health visiting and school nursing services Commissioning Guide 1 Background Information on commissioning and service model; revised March 2018

<sup>2</sup> Healthy Child Programme Pregnancy and the first five years of life, Dr Sheila, Shribman, Kate Billingham, Published 27 October 2009.

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laid down and this is a time when parents are particularly receptive to learning and making changes. There is strong evidence that the outcomes for both children and adults are strongly influenced by the factors that operate during pregnancy and the first years of life. Neurological development and the impact of stress during pregnancy, and further recognition of the importance of attachment, all make early intervention and prevention an imperative to a child's outcomes (Centre on the Developing Child, 2007)<sup>3</sup>.

3.6 A large proportion of the funding for Public Health Nursing is focused on the delivery of health visiting activity, with approximately 60 full-time staff supporting around 30,000 children aged under 5 years. For 2021/22 the cost of Health Visiting services will be £4.404m

3.7 The Health Visiting Service is based on the 4-5-6 model (see figure 1) which is:

#### 4 Levels of service:

- i. Community
- ii. Universal
- iii. Universal Plus
- iv. Universal Partnership Plus

#### 5 Universal health reviews

- i. Antenatal
- ii. New baby
- iii. 6-8 weeks
- iv. 1 year
- v. 2-2½ years

#### 6 High impact areas:

- i. Transition to parenthood
- ii. Maternal mental health
- iii. Breastfeeding
- iv. Healthy weight
- v. Managing minor illness & accident prevention
- vi. Healthy 2 year olds & School readiness

## Family Nurse Partnership

3.8 As part of the framework for prevention and early intervention, Croydon invests in the evidence-based Family Nurse Partnership programme, as an enhancement of the Health Visiting service. Families are partnered with a specially trained family nurse, who visits them regularly, from early pregnancy until their child is two<sup>4</sup>.

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<sup>3</sup> Health Child Programme Pregnancy and the first five years of life, Dr Sheila, Shribman, Kate Billingham, Published 27 October 2009.

<sup>4</sup> <http://www.fnp.nhs.uk/about-us/the-programm> accessed on 3 July 2019

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- 3.9 The focus is on the most complex and vulnerable first time parents, including teenagers and care leavers, and provides a programme of intensive and structured home visits (and, more recently, virtual appointments). The FNP programme is shown to improve outcomes for both parent and child, including building resilience, independence and secure attachment. It also helps to identify and manage safeguarding issues quickly and effectively.
- 3.10 FNP is a preventive programme and has the potential to transform the life chances of the most disadvantaged children and families in Croydon, helping to improve social mobility and break the cycle of intergenerational disadvantage. Health in pregnancy, and the quality of the care babies receive during the first years of life have a long lasting impact on a child's future health, happiness, relationships and achievement.
- 3.11 In the financial year 2021/22, funding for the Family Nurse Partnership will be £530k and will support approximately 120 vulnerable young parents and their children.

## School Nursing

- 3.12 School nurses support children and young people aged 5-19 attending school in the local authority area. The service is responsible for child health surveillance, health promotion, health protection, health improvement and support.
- 3.13 Health visitors and school nurses use strength-based approaches to build non-dependent relationships with children, young people and families. This approach supports behaviour change, promotes health protection and helps to keep children safe. Health Visiting and Family Nurse Partnership is the only workforce that has the regular opportunity to engage with all families in their own homes. This is essential for early identification of need and interventions which mitigate against problems worsening over time.
- 3.14 School Nursing is also based on the 4-5-6 model (figure 1)
- 4 Levels of service
    - i. Community
    - ii. Universal
    - iii. Universal Plus
    - iv. Universal Partnership Plus
  - 5 Universal reviews
    - i. 4-5 year old health needs assessment
    - ii. 10-11 year old health needs assessment
    - iii. 12-13 year old health needs assessment
    - iv. School leavers – post 16
    - v. Transition to adult services
  - 6 High impact areas

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- i. Resilience and wellbeing
- ii. Keeping safe
- iii. Healthy lifestyles
- iv. Maximising learning and achievement
- v. Supporting complex and additional health and wellbeing needs
- vi. Transition

3.15 School Nursing services are provided by approximately 11.51 whole time equivalent staff delivering to over 100 local schools. For the financial year 2021/22 funding will be £1,173,220.

3.16 In the new agreement school nursing will play an active role in providing a service to those children who are home schooled.

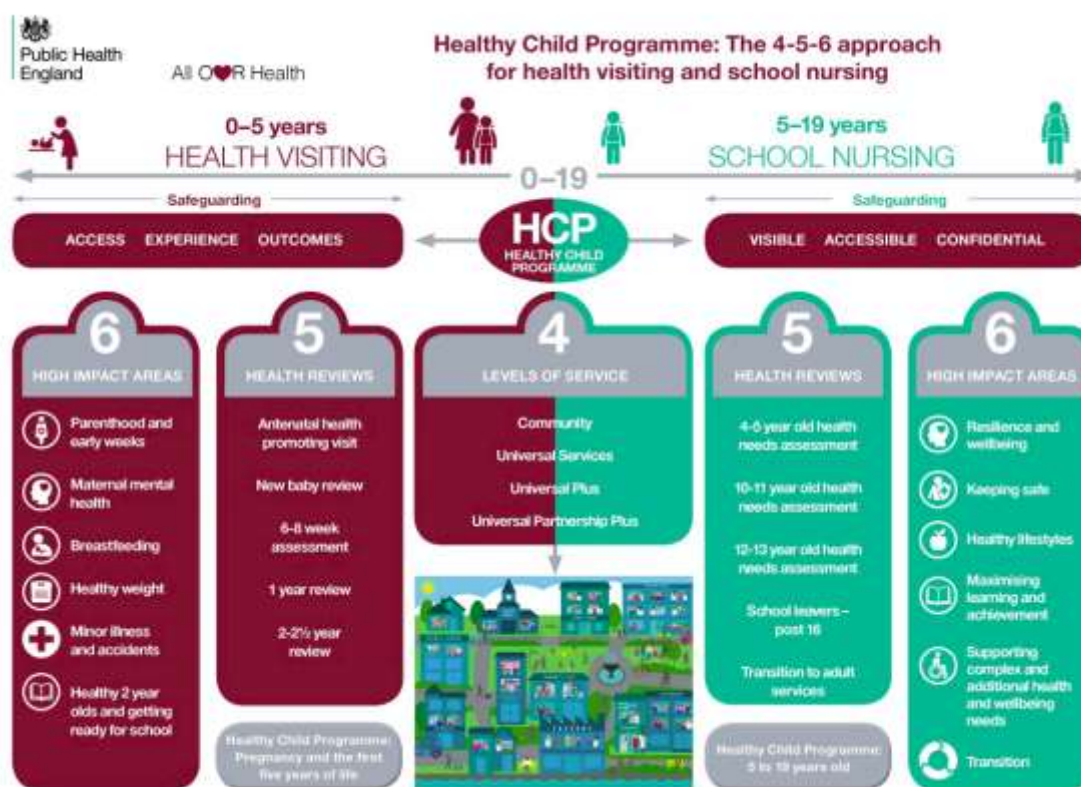


Figure 1: Healthy Child Programme: The 4-5-6 approach for health visiting and school nursing

## Agreement Award and Value

3.17 The services will be awarded to CHS through a Section 75 Agreement for the following reasons:

(a) CHS is trusted partner of Croydon CCG and Croydon Council

CHS is a member of One Croydon Alliance, partner of SWL CCG (Croydon) and a trusted partner of Croydon Council. The service is

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working closely with children's social care to deliver a more coordinated approach to early help services, with a focus on locality working, in tandem with the Council's Best Start in Life provision and targeting resources in ways that reach those with the greatest need.

The drive towards more integrated health and social care for children and young people will require an ongoing commitment from all partners, and the public health nursing service is a critical component of the future design. Continuing to work with a trusted partner is an important element of our long-term success in achieving truly integrated, high quality service, as part of the NHS Integrated Care Systems.

- (b) The service contract is part of an existing s75 agreement.

The Health Act flexibilities facilitate the integration of public health services with related aspects of healthcare provision (outlined further at points 2.2 and 2.3 above).

Further flexibilities within The Act may be applied under section 75 arrangements in future, should these be beneficial and a s75 arrangement provides for such future changes.

Powers provided to local authorities and NHS bodies (such as CHS) under s75 NHS Act 2006 and associated Regulations provide that a local authority and an NHS body can each delegate certain prescribed functions to the other to exercise on their behalf, provided that the resultant partnership arrangements "are likely to lead to an improvement in the way in which those functions are exercised". Resources and management structures can be integrated and functions can be reallocated between partners, and this has been the case between the Council and CHS.

- (c) Continuity of Care from 0-19 years

Public Health Nursing is part of the local health care arrangements delivered by our One Croydon Alliance partner, CHS. Through shared ICT and management systems there are strong links to maternity and perinatal mental health services that would be difficult to achieve with an external organisation. This is important to improving the wellbeing of our most vulnerable families. CHS are also the provider for paediatric health services, therapies and acute health services.

A project to redesign the Public Health Nursing offer, to better align with the council's Early Help 0-19 programme, is well underway, with CHS as a key partner and is already working on an integrated locality basis. A new Section 75 Agreement will allow this close working to continue throughout the second half of 2021/22, allowing a collaborative approach to alignment and redesign instead of a focus on competitive tender preparation.

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### (d) Added value through a entering into a S75 agreement

The Healthy Child Programme is funded from the ring-fenced Public Health Grant

By working in partnership, the service will achieve ongoing real-term savings, by way of increased reach to children and families, while delivering services to the growing population of Croydon.

In this environment, an open tender process would potentially require a higher service budget to bring resources at a level comparable with other boroughs and would incur additional estate and capital costs.

### (e) A revised edition of the Health Child Programme was published in March 2021 – the *Best Start in Life; A vision for the first 1001 critical days*. This revised policy document places further additional expectations on Public Health Nursing services, particularly Health Visiting. CHS is fully engaged with its partners as these new requirements are reviewed against existing service provision, local needs and is involved in the planning towards implementation.

### (f) Addressing workforce challenges

Health Visiting, Family Nurse Partnership and School Nursing are a specialist workforce with recruitment challenges noted nationally. During 2019/20, CHS has redesigned the workforce in recognition of this ongoing challenge and to better align with the council's Early Help 0-19 programme. A change of provider at this time would introduce additional risk into the system as the Early Help programme continues to develop.

Benchmarking across London, suggests that recruitment and retention becomes more challenging when a non-NHS provider is appointed, as staff prefer to maintain NHS terms and conditions, including salary, pension, professional development and clinical supervision. Where non-NHS providers have been appointed, staff retention and recruitment has become more challenging as existing staff have in some cases chosen to take up positions with neighbouring NHS Trusts rather than accept TUPE opportunities.

## Agreement and Performance Management

- 3.18 The day to day management of the Public Health Nursing agreement will be the responsibility of the Senior Commissioning Manager, Integrated Children's and Maternity Team, within the Commissioning & Procurement department. Contract Management will be a monthly activity, held in conjunction with Public Health colleagues. The overall performance of the agreement will be reported at these meetings on a quarterly basis with representation of senior management from both CHS and the Council.

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- 3.19 A specification has been developed for the service and includes Key Performance Indicators (KPIs), milestones and a yearly delivery plan setting out, how the service will meet the requirements for each new financial year. KPIs will be related to the mandated requirements of the various services with an emphasis on outcomes and alignment to the Best Start in Life, and Early Help programmes. The delivery plan will be reviewed and approved by commissioners by the end of Q4 of each Contract year.
- 3.20 Transfer of Undertakings Protection of Employment (TUPE) will not apply as the proposal is to enter in a new S75 agreement with the incumbent provider. Any staffing changes as a result of the specification and contract will be the responsibility of CHS.
- 3.21 KPIs for each service area already exist and have been further refined in line with Public Health, Children Services and Early Help and national guidance. A dashboard will be in place for each service's KPIs, and through rigorous monthly contract monitoring the service will be held accountable for delivery with relevant performance clauses within the contract. Progress against improvement plans will be reviewed on a quarterly basis at the senior level meetings.
- 3.22 The agreement will be let for a period of 2 years +2 years +2 years + 1 year. The Section 75 Agreement will have a form of wording which will allow flexibility to make changes to the specification during the length of the agreement.
- 3.23 This will be based on the form of S75 agreement previously used for the provision of these services. Further legal advice will be sought to ensure that the documented arrangements reflect proposed revisions referred to in this report and relevant legal requirements.
- 3.24 External legal advice was sought from B&J during 2019/20, prior to the contract being paused due to the pandemic. A case file had been drawn up for their legal input and costs in preparing the new s75. This was put on hold when contracts were rolled over.

## 4. CONSULTATION

- 4.1 The existing services receive positive feedback from parents and teachers. A health visiting survey was undertaken between December 2017 and January 2018, with 980 people completing all questions. 60% of respondents rated the overall service as good to excellent, though 48% would like to have more contact. The survey identified support around breastfeeding, immunisations and weaning as the most valued.
- 4.2 A schools' survey was undertaken in March 2019, with 83 schools responding. For school nursing. Headteachers identified an increasing need to support students in areas such as emotional wellbeing, substance misuse, and self-harming behaviours.



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- 4.3 In February 2021, the provider and Public Health presented a service update report at the Children’s Safeguarding Partnership and Children’s Scrutiny Committee, receiving feedback from key partners and Members.
- 4.4 Family Nurse Partnership supports some of Croydon’s most vulnerable families. Client feedback reported in the March 2021 survey showed that 100% clients felt the service was either helpful or very helpful and 90.91% were extremely likely to recommend the services and that the service was particularly helpful for their baby’s health and development.

## 5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 5.1 The following table identifies the static funding arrangement for public health nursing services. This shows the revenue forecasting for the

### 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
<b>Revenue Budget available</b>				
Expenditure	5,857	6,107	6,457	6,457
Income				
<b>Effect of decision from report</b>				
Expenditure		6,107	6,457	6,457
Income				
<b>Remaining budget</b>	0	0	0	0

*(without inflationary costs)*

- 5.2 The annual budget for the 3 services has remained unchanged from its 2016 value. The new Section 75 agreement will create one service with a combined budget (that is currently the three separate services), giving the provider greater scope to make efficiencies while delivering the outcomes attached to each service specification.
- 5.3 This alignment will support the development of greater integration between children’s health and social care services, across the Early Help programme.

### Risks

- 5.4 The key risks include;
- (a) **Workforce:** The national shortage of Health Visiting, Family Nurse Partnership, and School Nursing staff creates ongoing risk to recruitment and

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retention especially across London. Developing a new service model with new support roles will contribute to a more stable workforce and career progression opportunities.

- (b) The service intends to recruit a number of Band 5 nurses to the new nationally developed programme, for Health Visitor apprenticeship roles, thus 'growing their own' into future qualified Health Visitor roles.
- (c) **Budget Pressures:** In keeping with the other public sector areas, budget pressures will continue to be felt. The collaborative partnership approach, will ensure maximum efficiency in delivery of the Public Health Nursing activities.
- (d) **Procurement challenge:** S75 NHS Act 2006 enables partnering arrangements between local authorities and NHS bodies. Regulation 12 of the Public Contracts Regulations 2015 enables public bodies to co-operate in the provision of public services in the public interest. The services are currently provided via s75 agreements drawn up with support from external legal advisers. This risk is deemed as low as the Public Contract Regulations allows these types of agreements. .

### **Recommendation**

- 5.5 The recommendation is to enter into a S75 agreement with Croydon Health Services through the Section 75 flexibilities (NHS Act 2006). In practice, this means the service would continue to be delivered by one of the Council's trusted One Croydon Alliance partners, as part of the Early Help 0-19 programme. This option best meets the strategic direction of children's social care, to increase integration between health and social care services, and to enhance the Early Help offer across all localities of Croydon.

### **Future savings/efficiencies**

- 5.6 Commissioners will continue to work with the service to identify future efficiencies to ensure that the service can meet its statutory duties within ongoing challenging circumstances.

Approved by: Kate Bingham, Head of Finance, HWA Finance, Investment & Risk

## **6. LEGAL CONSIDERATIONS**

- 6.1 The Head of Commercial and Property Law comments on behalf of the Director of Law and Governance that, as stated in the report, S75 NHS Act 2006 enables partnering arrangements between local authorities and NHS bodies. The proposed contract represents a continuation of such arrangements which have been the subject of legal advice.

Approved by: Nigel Channer, Head of Commercial and Property Law, on behalf of the Director of Law and Governance

## **7. HUMAN RESOURCES IMPACT**

- 7.1 This report concerns the provision of services that will be provided by a third party organisation through a single provider framework. As such, the Council is not the employer of the staff working within the framework and there are no implications for Croydon employees.
- 7.2 This new agreement does not propose changes to service delivery beyond what is being undertaken although providers may have to adapt their delivery approach in order to achieve expected service outcomes.
- 7.3 As a London Living Wage borough, all applicable contracts will include the requirement to pay the London Living Wage. The Living Wage Foundation Living Wage will apply to contracts in other parts of the country.

Approved by: Approval not required from HR due to no effect or impact on staffing or HR.

## **8. EQUALITIES IMPACT**

- 8.1 A full Equality Analysis has been completed. This found that there will be no negative impact on groups that share a protected characteristic.
- 8.2 The programme will help the Council meet its equality objective to reduce differences in life expectancy between communities, as it will ensure that every child gets the good start they need to lay the foundations of a healthy life. The universal reach of the Healthy Child Programme provides an invaluable opportunity from early in a child's life to identify families that are in need of additional support and children who are at risk of poor outcomes. A healthy start in life gives each child an equal chance to thrive and grow into an adult who makes a positive contribution to the community.
- 8.3 All equalities priorities (Age, Disability, Gender, Gender Reassignment, Marriage or Civil Partnership, Religion or belief, Race, Sexual Orientation, Pregnancy or Maternity) have been addressed in this process.

Approved by: Yvonne Okiyo, Equalities Manager

## **9. ENVIRONMENTAL IMPACT**

- 9.1 It is considered that there are no increased or decreased environmental sustainability impacts, from the proposed contract award contained in this report.

**10. CRIME AND DISORDER REDUCTION IMPACT**

10.1 Public Health Nursing plays an important part in detecting and offering support to its clients who may be experiencing domestic violence or sexual exploitation. In terms of the Family Nurse Partnership programme the nurses help some of the most vulnerable clients, some of whom may be in gangs, offering the support needed to the young person, ensuring that they receive the right help at the right time.

10.2 It is considered that there are no increased impacts and that the Healthy Child Programme delivery through this contract award will promote a decrease in crime & disorder impact.

The agreement award within this report will promote working towards a reduction in crime and disorder. Through close working relationship, robust quality assurance, regular communications and professional strategies and networks across partners, clients are supported to make healthy life choices. Contextual safeguarding is regularly reviewed with the aim to mitigate risk and increase awareness and protection.

**11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION**

11.1 To approve entering into a Section 75 agreement with Croydon Health Services in order to deliver the Healthy Child Programme.

**12. OPTIONS CONSIDERED AND REJECTED**

The alternate options considered for delivering the service are summarised below.

Option	Pros	Cons
<p><b>1. Do nothing</b></p>	<p>1. Not considered viable.</p>	<p>2. The Council would not meet its statutory obligations to deliver the mandated Healthy Child Programme and would undermine its commitment to the best start in life for all children.</p>
<p><b>2. Recommended Option</b></p> <p>Enter into a Section 75 agreement with CHS</p>	<p>1. CHS is currently delivering these services.</p> <p>2. A new service delivery model designed with commissioners, Public Health, Early Help, and the service became operational in late 2019, which will be further, enhanced by continuity of provider and developed relationships.</p> <p>3. Working with a trusted partner that is already committed to working towards integrated health</p>	<p>1. The lack of a formal tender exercise prevents market testing of the incumbent provider and the sufficiency of the 2016 static budget is inadequate to deliver a safe service and all of the key mandated checks..</p>

	<p>and social care ensures the Council can influence pace and scale of change, using established channels.</p> <ol style="list-style-type: none"> <li>4. The new Head of Public Health Nursing appointed in March 2019 has been instrumental in driving forward the changes to date and has become a core member of the relevant planning groups driving forward the children's improvement journey.</li> <li>5. Efficiencies are achieved through all resources being focused on service provision, rather than a tendering exercise,</li> <li>6. Data governance and safeguarding risks are mitigated through working with a trusted partner, use of integrated ICT systems and CHS investment in local services.</li> </ol>	
<p><b>3 Open Tender</b></p>	<ol style="list-style-type: none"> <li>1. Fair and transparent process is undertaken.</li> <li>2. Opportunity to test the market for other NHS and non-NHS organisations.</li> </ol>	<ol style="list-style-type: none"> <li>1. With no change to the budget since 2016 there is risk that no bidders will submit.</li> <li>2. The Early Help estate will not be available for the start of the contract across the six localities. Providers will need to acquire and rent suitable premises, increasing the cost of the service.</li> <li>3. Workforce  National shortage of specialist nurses is acknowledged. Benchmarking suggests that significant numbers of current staff would not agree to TUPE to a non-NHS provider due to impact on pensions and other terms and condition.</li> </ol>

**Table 1 Options Analysis for procurement**

**13. DATA PROTECTION IMPLICATIONS**

**13.1 WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?**

**YES**

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The name, age, address and NHS Number will be used by the provider to deliver the service on a day to day basis. This and personal and sensitive health information will be passed to the agreed partners, as appropriate, as part of a referral to safeguarding team. All other referrals will require prior consent of the parent/guardian.

As sensitive data on children and families may be shared, processed and stored by partners, when appropriate, robust and compliant processes are already in place to adhere to data governance requirements. This includes:

- Information Sharing Agreement between safeguarding partners;
- All parties having published Privacy Notices;
- Compliance with GDPR;
- All information shared securely, e.g. use of nhs.net accounts; EGRESS;

### 13.2 HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?

YES

The DPIA is currently being developed and will be available for review prior to sign off the contract.

Approved by: Rachel Flowers, Director of Public Health

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#### CONTACT OFFICER:

Jane McAllister, Senior Commissioning Manager, Children and Maternity Services.

#### BACKGROUND PAPERS

The following papers were used for the report

Best start in life and beyond: Improving Public Health Outcomes for children, young people and families;

The Healthy Child Programme 0-19 years and A Best Start in Life; the first 1001 critical days.

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