

# Scrutiny & Overview Committee Agenda



To: Councillor Rowenna Davis (Chair), Councillor Richard Chatterjee (Vice-Chair), Leila Ben-Hassel (Deputy-Chair), Jade Appleton, Sean Fitzsimons and Simon Fox

Reserve Members: Sue Bennett, Sherwan Chowdhury, Amy Foster, Gayle Gander, Mohammed Islam and Joseph Lee

A meeting of the **Scrutiny & Overview Committee** which you are hereby summoned to attend, will be held on **Monday, 30 January 2023 at 6.30 pm** in **Council Chamber, Town Hall, Katharine Street, Croydon CR0 1NX**.

Katherine Kerswell  
Chief Executive  
London Borough of Croydon  
Bernard Weatherill House  
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Friday, 20 January 2023

Members of the public are welcome to attend this meeting, or you can view the webcast both live and after the meeting has completed at <http://webcasting.croydon.gov.uk>

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

## **AGENDA – PART A**

**1. Apologies for Absence**

To receive any apologies for absence from any members of the Committee.

**2. Disclosure of Interests**

Members are invited to declare any disclosable pecuniary interests (DPIs) and other registrable and non-registrable interests they may have in relation to any item(s) of business on today's agenda.

**3. 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.

**4. Support provided by the Council to asylum seekers, those seeking refuge under the Homes for Ukraine scheme and unaccompanied asylum-seeking children (Pages 5 - 16)**

The Scrutiny & Overview Committee is asked to review and comment on the support provided by the council to displaced people in the borough including those supported under the Homes for Ukraine scheme, adults and families seeking asylum placed in the borough by the Home Office and unaccompanied asylum-seeking children.

It is also asked note the work underway to quantify the additional financial strain placed on the council as a result of the rapid increase in the placements of asylum-seeking adults and children in the borough by the Home Office.

**5. Budget Scrutiny**

To inform the Budget Scrutiny process, the Scrutiny & Overview Committee is asked to give consideration to the following three items.

**a) Voluntary Community & Faith Sector Support (Pages 17 - 26)**

The Scrutiny & Overview Committee requested information regarding the voluntary, community & faith sector support as part of its budget scrutiny considerations. This information is set out in the accompanying report for the Committee to note as part of the wider Budget Scrutiny process.

b) **Transformation Project Deep Dives** (Pages 27 - 30)

The Mayor published the Transformation Plan on 30 November 2023. The Committee has subsequently asked for further information on the Commercial & Income Opportunities and the Income & Debt Review projects as part of its Budget Scrutiny assurance process. The report set out in the agenda provides the information available at this stage for both projects

c) **Budget Engagement**

The Committee is asked to review the outcomes from the Budget engagement process. (Report to follow).

**6. 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**

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## LONDON BOROUGH OF CROYDON

<b>REPORT:</b>	<b>Scrutiny &amp; Overview Committee</b>	
<b>DATE OF DECISION</b>	<b>Monday 30<sup>th</sup> January 2023</b>	
<b>REPORT TITLE:</b>	<b>Support provided by the Council to asylum seekers, those seeking refuge under the Homes for Ukraine scheme and unaccompanied asylum-seeking children</b>	
<b>CORPORATE DIRECTOR / DIRECTOR:</b>	<b>Debbie Jones, Interim Corporate Director Children Young People and Education Directorate</b>	
<b>LEAD OFFICER:</b>	<b>Kerry Crichlow, Director Quality, Commissioning and Performance Improvement, Children Young People and Education Directorate</b>	
<b>LEAD MEMBER:</b>	<b>Cllr Maria Gatland, Cabinet Member for Children and Young People</b>	
<b>KEY DECISION?</b>	<b>No</b>	
<b>CONTAINS EXEMPT INFORMATION?</b>	<b>NO</b>	
<b>WARDS AFFECTED:</b>	<b>All</b>	

### 1 SUMMARY OF REPORT

- 1.1 This report provides an overview of the support provided by the council and its partners to displaced people in the borough including those supported under the Homes for Ukraine scheme, adults and families seeking asylum placed in the borough by the Home Office and unaccompanied asylum-seeking children.
- 1.2 Following the launch of the Homes for Ukraine scheme in May 2022 the council has mobilised teams to ensure Ukrainian guests are placed with suitable hosts in the borough, provide practical support and advice to newly arrived people and support their integration into life in the UK. Implementing the scheme required considerable project co-ordination and administrative that was swiftly put in place.
- 1.3 The rapid increase in the number of adults and families seeking asylum placed in hotels the borough by the Home Office as a result of the pressures on the asylum system nationally is putting a financial strain on the council.
- 1.4 The number of unaccompanied asylum-seeking children (UASC) has fallen significantly over 2020-2022 and Croydon is no longer an outlier for the number and percentage of under 18-year-olds in its care, although it will take several years for the

proportion of care experienced young people to fall to the same level. However, a number of children placed by the Home Office as adults in hotels have challenged their age-assessments and come into Croydon's care as a result.

## **2 RECOMMENDATIONS**

For the reasons set out in the report Scrutiny and Overview Committee is recommended:

- 2.1** To review and comment on the support provided by the council to displaced people in the borough including those supported under the Homes for Ukraine scheme, adults and families seeking asylum placed in the borough by the Home Office and unaccompanied asylum-seeking children.
- 2.2** To note the work underway to quantify the additional financial strain placed on the council as a result of the rapid increase in the placements of asylum-seeking adults and children in the borough by the Home Office.

## **3 BACKGROUND AND DETAILS**

### **Homes for Ukraine Scheme**

- 3.1** The Homes for Ukraine scheme was launched in May 2022 to allow individuals, charities, community groups and businesses in the UK to bring Ukrainians to safety including those with no family ties to the UK. The scheme is open to Ukrainian nationals who were residents in Ukraine prior to 1 January 2022 and their immediate family members who may be of other nationalities.
- 3.2** Under the Homes for Ukraine scheme Ukrainian nationals are matched to named UK sponsors who can provide accommodation for a minimum of 6 months. On 5th January 2023 there were 296 host households in Croydon providing accommodation and support to 555 Ukrainian guests.
- 3.3** The council is responsible for completing a number of assurance checks to ensure the safety and wellbeing of each guest in a Croydon household including:
  - A property inspection
  - Disclosure and Barring Scheme checks for everyone in the household over the age of 16
  - Safeguarding checks
  - Interim payments for of £200 for each guest
  - Wellbeing checks for all guests
  - Host and guest assessments

- 3.4** In addition to the checks above the council is also expected to provide:
- An education placement
  - Homelessness assistance
  - Social care services for children and adults if required
  - Support with finding employment
- 3.5** Grant funding to councils from the government was initially set at £10,500 per arrival to provide the range of services and compliance checks set out above, the initial £200 payment to Ukrainian guests and monthly ‘thank you’ payments of £350 per month to hosts. The ‘thank you’ payments have recently been increased to a £500 per month for guests that have been in the UK over a year on the scheme for up to 2 years starting in the 13<sup>th</sup> month, to encourage hosts to continue to provide homes for their guests.
- 3.6** Front office and welfare check teams have been established through a mix of secondments, flexing existing staff and fixed term or agency recruitment. The welfare check team includes a social worker and a social work manager. A dedicated programme manager has been released from public health and is now providing oversight and co-ordination across both the Homes for Ukraine and asylum seekers in hotels schemes.
- 3.7** Children arriving from Ukraine will have no specific additional priority for school admission, but the council is under a duty to offer advice to parents on applying for a school place. At the end of the autumn term 2022 120 applications had been made, 109 children had been offered places and 99 were attending school with 9 applications pending. 12 children have moved out of Croydon since making the application.
- 3.8** The Department for Levelling Up, Housing and Communities (DLUHC) recently announced that the Homes for Ukraine scheme will continue for at least another 12 months. At the same time new funding arrangements have been announced. From January 1 2023, the tariff available to the council for each arrival will reduce from £10,500 per person to £5,900. The rationale for the reduction is the introduction of a new £500 million fund announced in December 2022 to support the acquisition of housing stock and a £50 million top up to councils’ Homelessness Prevention Grant. As a result of this change plans to uplift sponsor support and develop a package to support entry into the private rented housing sector are being revised to fit into the financial envelope available.
- 3.9** Longer term housing arrangements are of paramount importance to Ukrainian guests, their hosts and to the council because of the risks of a rise in homelessness presentations if people are not effectively supported into independent living. Guidance has not yet been published on how the new funding can be utilised to help Ukrainians into the private rented housing sector.

- 3.10** If the relationship between the sponsor and guest breaks down, the council is expected to re-match guests with new sponsors. All of the above checks must be completed before a guest can be allocated to a new sponsor.
- 3.11** Sponsor/guest relationships do break down as the day-to-day reality of sharing spaces becomes clear and beds down. Intensive work takes place led by the welfare check team to try and broker solutions that all parties accept, but where this is not possible the teams aim to source new matches. Around 11 rematches have been secured since the scheme opened.
- 3.12** 10 Ukrainian guests have by-passed or lost faith in these negotiations and presented to the council as homeless. Of these, 5 were matched with new sponsors and 5 were accommodated in emergency accommodation (EA). Of these 5, 4 families spent up to 2 weeks in EA before being match with new sponsors. 1 family remains in EA, do not want another sponsor relationship and wish to be supported into private rented accommodation. This is being progressed.
- 3.13** In July 2022 eligibility was extended to unaccompanied children under 18. The process for new applications is different and requires the planned sponsor to first undergo safeguarding checks before a child can begin their visa application. At present Croydon is dealing with one such application and anticipate that if all is in order the child will arrive within around 6 weeks.
- 3.14** Staff have worked proactively to provide practical advice and support to both guests and hosts through what will have undoubtedly been traumatic experiences of fleeing conflict, leaving loved ones behind and adapting to living in a new country. Voluntary and community groups have emerged to support and befriend new arrivals with whom the team have established working relationships. Much has been learnt in a short period of time to tailor the support offer and help hosts and guests set out their expectations. There were a small number of potential breakdowns raised than expected during the recent holiday period and it is hoped that the wellbeing team are more skilled at helping establish these relationships correctly from the outset.

### **Asylum seeking adults and families placed in Croydon**

- 3.15** Adults and children seeking asylum have been placed in hotels in Croydon by the Home Office whilst their asylum claims are considered for many years, with around 200 people placed at any one time in three fairly small hotels (between 50-100 people at each). Called core initial accommodation (IA), the length of time people stayed varied but was typically around 3-4 weeks before moving onto dispersal accommodation if their asylum claim was accepted for consideration.
- 3.16** Over the past two years the number of people placed in IA has ballooned. The reasons for this are varied but a key factor is the lack of flow through the asylum system meaning that people seeking asylum are waiting many months for a decision on their claim. This has caused an unprecedented backlog in the system leading to the rapid development of contingency IA.

**3.17** The Home Office commissioned two contingency IA hotels in Croydon. ClearSprings Ready Homes is contracted to provide both IA and dispersal accommodation in the south of England including Croydon. They in turn sub-contract for front of house staff, catering, security, maintenance, pest control and cleaning services in the hotels.

**3.18** The numbers of adults and children accommodated in core and contingency IA in Croydon over the past 15 months can be seen in Table 1 below:

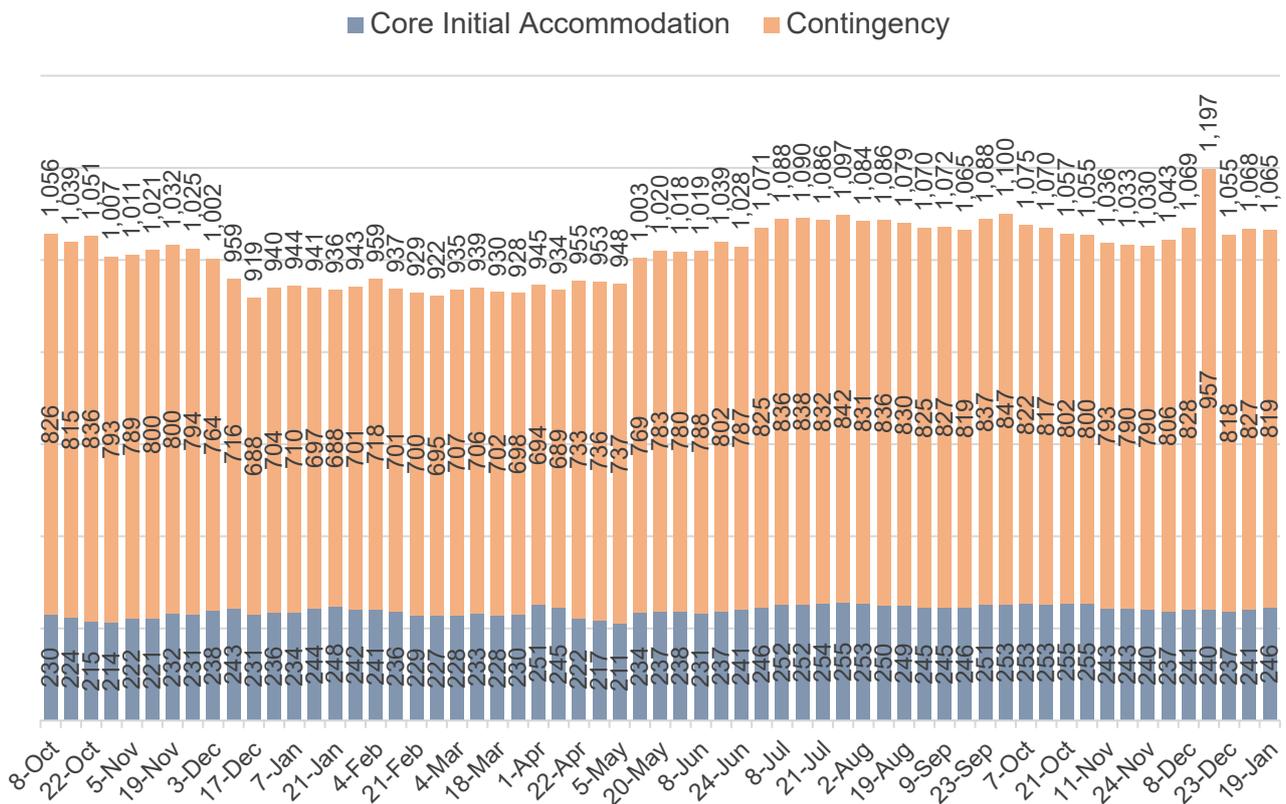


Table 1

**3.19** The 5 properties are budget hotels not intended for long term occupation. Some people have been accommodated for well over a year. People placed in hotels receive an allowance of £8.24 per week on a pre-pay card to cover clothes, non-prescription medication and travel. Almost all the hotels offer no play or congregation space for children and adults alike. They are hotels, catering for a transient clientele.

**3.20** The schools' admissions team have worked hard with parents and with hotel staff to support children's education. Since November 2021 200 children have been offered school places, 182 are attending school and 17 currently have places pending. Children are attending 35 schools across the borough and headteachers and their staff have often gone the extra mile to enable children to learn, play and be children during their time in Croydon. A number of under 5's are attending nurseries taking up the entitlement

to free early learning for 3 and 4 year olds. More providers would like to offer places but access is limited to within walking distance as adults cannot pay for travel.

- 3.21** Over this time period 81 children have left schools as they have been moved with their families out of the borough. This is hard for the children who may have formed friendships and started to feel more secure. It is also hard for schools as the work to welcome and integrate new children is lost.
- 3.22** It has been more challenging to persuade secondary schools to admit children in key stage 4 as there is little flexibility in schools' curriculum offer. The Director of Education and her team are exploring options for alternative provision for key stage 4 similar to that previously grant funded by the DFE for unaccompanied children which may also relieve similar issues affecting admissions for Ukrainian children in key stage 4.
- 3.23** It is a concern that no health care has been commissioned for the hotel sites by the Home Office. Croydon Health Services have provided health screening and access to GPs through the Rainbow Clinic which works with the homeless in Croydon. This service is mobile and being based at CUH is accessible for residents in some of the hotels. As numbers have increased health colleagues have found it challenging to keep pace with demand. Pregnant women and new mothers have been prioritised along with those with pre-existing conditions. In common with many contingency IA hotels there have been outbreaks of chicken pox and scabies.
- 3.24** Whilst the Council is not the commissioner or provider of the accommodation and services it does have statutory responsibilities for the safeguarding of children and adults living in the borough, for health protection and for environmental health and housing standards.
- 3.25** Two standing meetings are in place to provide a formal opportunity to escalate concerns, request assurance and hold the Home Office and the contracted provider to account:
- A monthly monitoring meeting chaired by the interim Corporate Director CYPE attended by both the Home Office and CSRH. Issues and concerns are escalated at these meetings which are minuted and tracked.
  - A monthly safeguarding meeting, chaired jointly by the adults' and children's safeguarding leads. Attendance by the Home Office has fallen off in recent months; following escalation to the January monitoring meeting a commitment was made that both the Home Office and ClearSprings Ready Homes would ensure senior representation.
- 3.26** In December voluntary and community leaders reported serious allegations of sexual harassment of single women by male security staff on site to the Executive Mayor and council officers. The council alerted the provider who acted swiftly, removing and replacing the contracted security staff that day. A special safeguarding meeting was convened to agree actions the provider would take to ensure this did not happen again. Women-only drop-in sessions will be taking place in the local church led by the council's

domestic abuse lead to provide an on-going safe space for women to share their experiences and gain support.

- 3.27** In early January concerns about vermin and plumbing were escalated to officers. These were responded to quickly and in response council officers, Home Office and ClearSprings Ready Homes leads met to discuss how complaints could be responded to much more quickly. A new approach was agreed, with the council collating and tracking complaints and escalating these direct to the Home Office. This will provide hard data that can be interrogated at the monthly monitoring meetings. Guidance is being developed and will be circulated to residents and their local supporters including VCSF organisations and ward councillors to ensure this intelligence is used to hold the Home Office and CSRH to account.
- 3.28** Alongside this framework to hold the Home Office and its contractor to account officers and health partners have been working alongside hotel staff to focus on what changes can be made within their contract to improve the experiences for adults and children. There has also been recent encouraging engagement with a local ward councillor to explore alternative cooking opportunities.
- 3.29** It is the government's stated intention to speed up claims processing and so move people out of contingency hotels. This is a positive intention however it requires alternative accommodation. Croydon has recently been approached about standing up new dispersal accommodation in the borough which is being challenged. However, if the Home Office press ahead with this policy position outer London areas in particular are likely to come under sustained pressure.

### **Unaccompanied asylum-seeking children**

- 3.30** Over 2020-2022 there has been a significant reduction in the number of unaccompanied asylum-seeking children (UASC):

<b>Date</b>	<b>No. UASC</b>
Sept. 2020	249
Sept. 2021	137
Sept. 2022	92
Dec. 2022	100
<b>Reduction</b>	<b>149</b>

Table 2

- 3.31** This downward trend started with the closure of overland travel routes as the pandemic took hold in 2020. The introduction of the mandatory National Transfer Scheme (NTS) in November 2021 also relieved the pressure on the local authority to assume care responsibility for new arrivals at the Home Office reception centre in the borough.
- 3.32** Croydon is no longer an outlier for the proportion and total number of UASC in its care although it will take several years for the number of care leavers formerly UASC to reduce to the same extent. To increase the capacity to relieve the pressure from channel

crossings in Kent the Home Office raised the threshold on the proportion and number of UASC councils are expected to care for to 0.1% of the child population which in Croydon is 98 children. Below this level councils can expect to have children referred in through the NTS.

- 3.33** Across the country children assessed as adults on arrival in Kent and placed in hotels with other adults have challenged this assessment. Since March 2022 27 children have come forward to challenge and 12 have been accommodated by Croydon pending more detailed age assessments. Whilst children can be referred to the NTS for transfer to other councils the age assessment must be completed first and children placed with foster carers whilst this takes place. A social worker is also allocated to support the child during their tie in Croydon. These requirements continue to put a strain on the council's resources.
- 3.34** There have also been reports of unaccompanied children going missing from hotels near or on the south coast. 3 children from this cohort have presented at Lunar House in Croydon and have been transferred to other councils through the NTS.

### **Quantifying additional costs**

- 3.35** In April 2022 the Home Office announced grant funding based on the increase in the number of people placed in initial and dispersed accommodation in council areas. A one-off payment was made in May 2022 followed by quarterly grant payments against a 'baseline' of numbers placed as at March 2022. Croydon has been awarded £369,250 in total to date.
- 3.36** Drawing on this grant the Asylum Seeker Support Fund was launched in November 2022 offering small grants of up to £5,000 to voluntary, community and faith organisations to provide practical help, support, advice and friendship to hotel residents. 11 organisations were awarded small grants to deliver activities up to the end of March 2023 at a total cost of £53,895. Feedback will be sought from those receiving the services to shape future plans for any further grant rounds.
- 3.37** Whilst the one-off grant funding is welcomed there are sustained and substantial additional costs falling to the council as a result of the contingency IA in the borough. Considerable officer time is expended in gaining assurance on the quality standards and safety of provision across the borough, and in challenging unacceptable practices, at a time when Croydon's unique financial challenges and the delivery of agreed savings plans are a priority for staff. This is impacting at all levels, from the Chief Executive chairing meetings with partner councils, the Corporate Director holding senior Home Office and contracted provider representatives to account every month to Directors, Heads of Service and health partners meeting regularly with the provider to provide advice and expertise that improves the experience of adults and families placed in the borough.

- 3.38** Through regional and national meetings of Chief Executives, council leaders and Mayors the additional financial burden to councils resulting from the unannounced placement of large numbers of vulnerable asylum-seeking adults and children has been robustly pursued. Croydon has been selected as one of the 30 LAs nationally to take part in a Home Office data-gathering exercise on the costs to councils of asylum dispersal alongside Hounslow, Enfield, Brent, Barnet and Wandsworth.
- 3.39** This work will contribute to the evidence base for the total additional costs across the council which will in turn inform ongoing discussions being taken forward between the London councils most affected by this placement policy and central government officials and ministers. Croydon is a member of this group of councils.

## 4. FINANCIAL IMPLICATIONS

- 4.1 Significant work is being carried out to collate, cost, monitor and estimate for the future, the impact on the Council to support asylum seekers and refugees across the authority.
- 4.2 Finance have been working closely with the Director of Public Health, the Director Quality, Commissioning & Performance (Deputy DCS) and the Programme Manager for Asylum & Refugees, initially around the support for the Homes for Ukraine programme, but more recently to understand the financial burden that full asylum dispersal places on Croydon.

### Homes for Ukraine

- 4.3 The table below details the grant received to date and the current levels of expenditure. The monthly host payments are fully reimbursed by government following the completion of quarterly returns.

	<b>Grant Income Due</b>	<b>Actuals to 20/1/23</b>
	<b>£'000</b>	<b>£'000</b>
Host Monthly Payments		<b>429</b>
Grant Due	<b>(429)</b>	
<b>Government Grant Received</b>		<b>(2,142)</b>
Expenditure to Date		<b>259</b>
<b>Available Grant</b>		<b>(1,883)</b>

Table 3

Grant of £670,000 has also been received to help mitigate the impact on education services.

### Dispersal of Asylum Seekers

- 4.4 The Home Office is keen to better understand the size of the financial burden that full asylum dispersal places on local authorities. Finance are working closely with the programme manager for asylum seekers and refugees to understand the burden to the authority. Asylum dispersal grant received to date is £369,000
- 4.5 A return is due to the Home Office by the end of January that details the cost to the authority for four categories of spend for 2019/20 and 2021/22
- Discrete asylum seeker/refugee–use services
  - Significant asylum seeker/refugee–use services
  - No access to public funds - related (NAPF) support provision
  - Other services
- 4.6 We have communicated the exercise across the council and have gathered relevant information. The next step is to collate the data and cost the impact where evident. Care is being given to the in year and future impact also.
- 4.7 All data is being RAG rated to ensure where information is estimated, the confidence levels around certainty of the information is clear.
- 4.8 Understanding the full impact on the Council for the support of asylum seekers and refugees is a priority and will need to be carefully monitored going forward. Approval has been sought for 2 dedicated staff for a fixed term to add resource to this complex area.
- 4.9 Comments approved by Lesley Shields, Head of Finance for Assistant Chief Executive and Resources, on behalf of the Director of Finance 20/101/23.

## **5. CONTRIBUTION TO COUNCIL PRIORITIES**

- 5.1 The Mayor's priorities are detailed in the Corporate Plan, and highlight which outcomes the report and decision related to: [Mayor's Business Plan 2022 - 2026 \(croydon.gov.uk\)](https://www.croydon.gov.uk/corporate-plan-2022-2026)

The issues discussed in this report cut across and address a number of priorities:

- Get a grip on the finances and make the Council financially sustainable
- Work with partners and the VCFS to promote independence, health and wellbeing and keep vulnerable adults safe
- Work closely with health services, Police and the VCFS to keep vulnerable children and young people safe from harm
- Strengthen collaboration and joint working with partner organisations and the voluntary, community and faith sectors

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## LONDON BOROUGH OF CROYDON

<b>REPORT:</b>	<b>SCRUTINY &amp; OVERVIEW COMMITTEE</b>
<b>DATE OF MEETING</b>	<b>30 JANUARY 2023</b>
<b>REPORT TITLE:</b>	<b>Voluntary Community &amp; Faith Sector Support</b>
<b>CORPORATE DIRECTOR / DIRECTOR:</b>	<b>Gavin Handford, Director of Policy, Programmes &amp; Performance</b>
<b>LEAD OFFICER:</b>	<b>Gavin Handford, Director of Policy, Programmes &amp; Performance</b> <b>Email: <a href="mailto:gavin.handford@croydon.gov.uk">gavin.handford@croydon.gov.uk</a></b> <b>Telephone: 020 8726 6000 (ext. 22605)</b>
<b>LEAD MEMBER:</b>	<b>Councillor Stranack, Cabinet Member for Communities &amp; Culture</b>

### 1 SUMMARY OF REPORT

- 1.1 Croydon Council is the largest individual funder of the voluntary, community & faith sector (VCFS) in Croydon.
- 1.2 The Medium-Term Financial Strategy has set out the challenging financial position facing the Council. In November 2022 the Corporate Director of Resources and S151 Officer took the decision to issue a Section 114 notice in relation to balancing the Council's budget from 2023/24 onwards. Significant savings are required and all areas of expenditure have been reviewed, including with the VCFS.
- 1.3 Despite the challenging financial situation, the Executive Mayor has clearly stated his desire to reset the relationship between the Council and the VCFS and to build a new partnership approach, where the Council supports the sector to secure wider investment from other funding sources.
- 1.4 Engagement and consultation has been undertaken to inform a new offer to the sector. The Cabinet Member for Culture & Communities will be outlining this approach to the sector shortly.
- 1.5 This report provides a summary of the VCFS support provided, the ambitions for working with the sector going forward, and a summary of some of the recent changes and engagement.

## **2 RECOMMENDATIONS**

- 3.1** The Scrutiny & Overview Committee is recommended to note the report and the investment made by Croydon Council in the voluntary, community & faith sector.

## **4 REASONS FOR RECOMMENDATIONS**

- 4.1** The Scrutiny & Overview Committee requested information regarding the voluntary, community & faith sector support as part of its budget scrutiny considerations.

## **5 VOLUNTARY, COMMUNITY & FAITH SECTOR SUPPORT**

- 5.1** The voluntary, community & faith sector (VCFS) is a fundamental part of Croydon. It is a key partner in delivering services and support to our residents. There are more than 1,000 registered charities in Croydon. In addition, the local VCFS comprises many other types of socially driven, not-for profit, voluntary and community groups that have a unique role in supporting the borough at a neighbourhood or community level.

- 5.2** The Council has a long history of providing support to the VCFS in a number of ways, including:

- Providing affordable space in the 50 or so of our council buildings that are occupied by the VCFS;
- Providing support and partnering on specific projects or funding bids;
- Commissioning services through formal contracts, either ringfenced for VCFS or wider competitive processes;

- 5.3** The Council adopted a VCS Strategy in 2019. Within this strategy the council sought to underpin the relationship with the VCS, responding to feedback from the sector. The strategy recognised that the sector is a vast, diverse range of organisations with their respective remits and priorities. It set out how the Council wanted to work with the VCFS, and the priority areas for joint work. There have been significant changes since the strategy was developed, both for the council and the wider external environment.

- 5.4** Within the adopted Mayor's Business Plan, the Executive Mayor has committed to strengthen collaboration and joint working with partner organisations and the VCFS. The plan recognises that we cannot meet residents' needs on our own, and that in some cases others will take the lead with the Council taking a supportive, partnership role. The Business Plan is clear that we need to work with partners to bring more resources in to the borough, supporting VCFS organisations to support the most vulnerable in our communities.

- 5.5** Further details of the outcome, priorities and actions in the Mayor's Business Plan are set out in section 7 of this report.

## VCFS contract spend analysis

- 5.6** Aligned with the Opening the Books exercise, the Executive Mayor commissioned officers to undertake a comprehensive analysis of VCFS spend across the Council.
- 5.7** Using contract data for 2021/22, this analysis identified 205 contracts with VCFS providers. These contracts had a total value of £25.1m. These included contracts that had been tendered through an open procurement process and won by VCFS organisations, contracts that have been awarded through the Community Fund (ringfenced to VCS providers – further details in next section), and individual packages of care to meet an individual’s assessed needs.
- 5.8** When packages of care were removed from the analysis, the remaining value was £14.5m. The 2022/23 approved budget included savings to be made from contracts. As the spend data related to 2021/22, some of the contracts had therefore ended, or were due to end imminently and funding ceased, in accordance with those approved savings. When these were removed, the remaining spend was £11.5m per year.
- 5.9** The table below provides a summary by directorate

Directorate	No. contracts (excl. POC)	Contract value	No. contracts ended/ending	No. contracts remaining	Contract value
Assistant Chief Executive	31	£4,384,668	27	4	£2,666,860
Adult Social Care & Health	33	£2,698,198	26	7	£2,462,068
Children, Young People & Education	13	£2,375,151	3	10	£2,056,965
Housing	9	£3,947,822	1	8	£4,010,109
Sustainable Communities	14	£1,160,182	10	4	£352,995
<b>Totals</b>	<b>100</b>	<b>£14,566,021</b>	<b>66</b>	<b>34</b>	<b>£11,548,997</b>

- 5.10** Investment in the VCSF, however, is constantly changing and new funding opportunities are regularly arising. Recent examples include

- £1.9m distributed to the VCFS through the Borough of Culture
- Approximately £1.85m distributed to the VCFS through the HAF programme since 2021.

- £165k distributed to the VCFS through the Household Support Fund
- £46k distributed through the Asylum Seekers Support Fund.

**5.11** Separate analysis suggested that within the overall VCFS spend, two thirds was spent with national/regional VCFS organisations and one third with local VCFS organisations. However, it should be noted that this distinction is subjective, with many national VCFS organisations having local branches or affiliations.

**5.12** As part of the resetting of the relationship, the Executive Mayor has set out an ambition to support local VCFS organisations to bid for a larger proportion of the Council VCFS expenditure going forward.

**5.13** In order to support this, a summary of the contracts that make up the £11.5m spend has been shared with the Local Voluntary Partnership, a joint project involving VCFS, Health and the Council, to support discussions on when and where contracts might be suitable for local VCFS organisations, and how the Council can best support them through the tender process. In addition to this, the Council is developing its procurement plan for 2023/24, which will identify further contract opportunities that VCFS organisation may wish to consider.

#### **Other VCFS expenditure**

**5.14** National legislation provides for registered charities to receive an 80% reduction in the level of business rates payable on any properties that they operate. The Council has previously offered an additional, discretionary subsidy up to 100%. The cost of this, however, has had to be met locally. In 2021/22, 34 organisations received a total of £136k from the discretionary rate relief (this was shared proportionately by the precepting authorities).

**5.15** As the Council reviews all spending as part of the Medium-Term Financial Strategy this discretionary spend is ending at the end of 2022/23. This decision was taken as part of the 2022/23 budget setting and Medium-Term Financial Strategy agreed in March 2022. Going forward, registered charities will only receive the 80% business rate reduction in line with national legislation. Organisations in receipt of this funding were informed of this when awarded funding for the 2022/23 financial year, providing significant notice to prepare for this change.

**5.16** As set out above, the Council supports the VCFS through a range of property provisions, with approximately 50 buildings occupied by VCFS organisations. Some of these organisations have been in receipt of rent subsidy, which supports with some, or in many cases, 95% of the rental costs for the building.

**5.17** In setting the budget for 2020/21, the Council approved a saving to cease funding rent subsidy from the revenue budget and instead draw on the Community Infrastructure Levy to support VCFS organisations with rent subsidy. This recognised that lower rents made it easier for organisations to provide lower rental costs and to support maintenance.

- 5.18** The Community Infrastructure Levy has funded this support for two years following that decision. However, this has required an annual bidding process with significant uncertainty. CIL is intended to support new development and therefore should be prioritised accordingly, and as new development comes forward, expenditure should change accordingly. Therefore, the CIL funding will not be available for 2023/24, and organisations currently in receipt of rent subsidy were advised of this change at the start of this financial year in April 2022 order to provide sufficient time for them to plan accordingly.
- 5.19** The Council has continued to support VCFS organisations with Community Asset Transfers. This provides an opportunity for a VCFS organisation to take on the management and ownership of surplus community assets (such as buildings and open spaces) from the Council.
- 5.20** The Council leases about 50 buildings and plots of land to VCFS organisations and most are on short to medium term leases with shared responsibility for repairs and maintenance. A Community Asset Transfer grants a longer lease (over 25 years). This offers the benefit of long-term security, and also opens external funding opportunities. In return, the VCFS organisation take on full responsibility for repairs and maintenance and agree an appropriate rent.
- 5.21** In 2022/23, the Council completed the Community Asset Transfer (CAT) of Harlow Hall in Norbury. This was completed through a competitive process when the previous lease holder was unable to continue operating the building and brought the number of CATs in Croydon to six with a further two to be completed shortly.
- 5.22** Advice and guidance, along with expression of interest templates and case study examples have all been provided on the Council's website to support organisations considering a Community Asset Transfer (<https://www.croydon.gov.uk/community-and-safety/advice-and-funding-community-groups/community-asset-transfers>).

### **Non-financial support for the VCFS**

- 5.23** In addition to the direct financial investment the Council as made in the VCFS, a wide range of other support is provided to the sector.
- 5.24** The Community & Voluntary Sector team work to support VCFS partnership working and projects, community events and advice and guidance about a wide range of issues. The team also support VCFS engagement across the Council, particularly in relation to any funding opportunities or processes.
- 5.25** The team work with the Council's property service to support VCFS discussions and processes in relation to Community Asset Transfers and lettings. The team also

manages the Assets of Community Value register and application process, supporting communities to secure protections for key assets under the Localism Act.

- 5.26** Partnership working with the VCFS happens across all service areas, ranging from networking and information sharing, to formal joint structures and substantial projects (examples include the Community Safety Partnership, One Croydon and the Local Voluntary Partnership, to name a few).
- 5.27** A range of community engagement activities and networks are undertaken with VCFS partners, as well as wider major community events, such as the Jubilee celebrations, civic events and significant events such as Holocaust Memorial Day.
- 5.28** The Council provides support in relation to external funding opportunities, with officer input, data and performance information, as well as formal letters of support which enable VCFS organisations to secure external funds.
- 5.29** The above gives examples of the non-financial support, but is not an exhaustive list. Joint working takes place across all services and the approach and support will vary depending on the service, activity and situation.

## **6 COMMUNITY FUND**

- 6.1** The Community Fund first launched in 2016. Funding streams from a range of services and sources were centralised into a single Community Fund, with an outcome based commissioning process undertaken.
- 6.2** The current Community Fund was commissioned in 2019, with outcomes and approach based on the adopted VCS Strategy. The contracts commenced from 1 April 2020 with a mix of one year small grants and three year commissioned contracts. These commissioned contracts end on 31 March 2023. Each Community Fund commissioning process was over subscribed and contracts were decommissioned and new contracts commenced as part of the process.
- 6.3** In setting the 2022/23 budget, the Council approved a £400k reduction in the revenue budget for the Community Fund. For the final year of the Community Fund this was replaced with Community Infrastructure Levy funding to avoid in year contract changes. The Prevention Fund and Better Care Fund contributions for the Community Fund were not available beyond 2022/23.
- 6.4** In October 2022 the Council informed the current Community Fund providers that the contracts would be ending as planned, and the Community Fund would not be recommissioned. An initial impact assessment was undertaken in relation to the VCS review (and is published on the Council's website: <https://www.croydon.gov.uk/community-and-safety/advice-and-funding-community-groups/community-fund-2020-2023>) and engagement and consultation undertaken (see section 6 of this report) to identify how the Council could support the VCFS in different ways as part of a new, reset, relationship.

- 6.5** One of the original intentions of the Community Fund was to offer a streamlined and single funding process for the VCFS over a three year period. As set out in the previous section however, investment in the VCFS in 2021/22 was significantly more than the Community Fund. The Community Fund represented less than 10% of the total investment.
- 6.6** This recognises that despite centralising those funding streams within the Community Fund, the majority of investment was from other sources. Often this reflects ringfenced or pilot funding from government, where the Council regularly works with the VCFS to maximise the funding received and allocate it swiftly and fairly. It also demonstrates the potential of VCFS organisations to secure contracts over private sector suppliers through the tendering process. The Executive Mayor has been clear that he wants to provide further support for VCFS organisation to do this.
- 6.7** Services will continue to commission a range of services with the VCFS. These are anticipated to focus much more on supporting delivery of statutory functions than in previous years, in recognition of the Council's need to reduce expenditure and deliver the main outcome of the Mayor's Business Plan: the Council balances its books, listens to residents and delivers good sustainable services.
- 6.8** The statutory carers service, for example, which was previously within the Community Fund, will be commissioned directly by Adults Social Care & Health, maximising the opportunities for alignment and integration with other services. New funding opportunities, which are not based on the Council's revenue budget, are also being investigated for services such as information, advice & guidance and volunteering support across Croydon.

## **7 CONSULTATION**

- 7.1** As a key partner, the Council regular consults and engages with the voluntary, community & faith sector. The Executive Mayor, Cabinet Members and Officers regularly attend partnership meetings, providing updates, joining discussions and answering questions from across the sector
- 7.2** Given that the Community Fund will end at the conclusion of the existing three year contracts, the Cabinet Member for Culture & Communities embarked on a series of meetings with Community Fund providers to understand the impact on each organisation. 18 organisations accepted the offer to meet.
- 7.3** The Executive Mayor has similar been holding a series of meetings with individual VCFS organisations in order to strengthen partnership working and inform the future relationship with the Council.
- 7.4** In both cases, discussions have been productive and a range of actions identified, which are being completed by officers as swiftly as possible.
- 7.5** Finally, a survey was developed for VCFS organisations to share their ideas about how the Council could support them through non financial means going forward.

- 7.6** The feedback from this engagement included two organisations that considered the end of the Community Fund would mean the closure of their service. However, both of these had alternative bids in the pipeline and were hoping to secure alternative funding and/or had ways to reduce their overheads. At the other end of the spectrum two organisations said they knew it was coming and had already secured funding to continue their services, and many organisations had plans to take a similar approach.
- 7.7** The majority of the providers fell somewhere between these two points and whilst they were disappointed, most appreciated the reality of the council's finances and accepted the situation. These 121s generated lots of good ideas that will inform the council future support offer to the VCFS.
- 7.8** There was recognition from many organisations that the Council had continued to provide significant support and investment in the VCFS where other Councils had reduced this. Benchmarking is very challenging in this area, with no national datasets and huge variation in where teams and resources are placed within Council structures. When the Council last undertook benchmarking in 2019 by contacting other London boroughs, only one other Council offered the same breadth of support as Croydon Council.
- 7.9** Many VCSF organisations were also reviewing the areas of expenditure, and looking at opportunities to reduce costs through the use of alternative accommodation or joint working.
- 7.10** The Council has, through the Borough of Culture activities, offered support and training in relation to bid writing. Most organisations stated that they did not need further training or bid writing support, and felt confident in developing funding bids. They saw substantial benefit in having references and letters of support from the Council when doing so. Training and briefings on tenders and the Council's tender portal were identified as being useful.
- 7.11** Many organisations highlighted the benefits that their services provided to the Health sector, but were not always receiving funding from health partners. This feedback has been shared with health partners and will need to be considered through key partnerships such as One Croydon and the Local Voluntary Partnership.
- 7.12** All feedback is informing the new offer to the sector. The Cabinet Member for Culture & Communities will be outlining this approach to the sector shortly.

## **7. CONTRIBUTION TO COUNCIL PRIORITIES**

- 7.1** The main outcome within the Mayor's Business Plan is that the Council balance its books, listens to residents and delivers good sustainable services. One of the priorities within this outcome is to strengthen collaboration and joint working with partner organisations and the VCFS.

## 7.2 The Mayor's Business Plan states

*the Council will not be able to meet residents' needs on its own. In some cases, others will have to take the lead in future, with the Council stepping back to adopt a supporting, partnership role. To achieve the outcomes Croydon needs, we must join efforts with all partners from the business, statutory, and voluntary sectors to bring more resources to the borough and to support and empower our communities to help themselves. The voluntary, community and faith sectors (VCFS) have an excellent track record of identifying local issues and reaching out to the most vulnerable in our communities. With its partners in the statutory and business sectors, the Council will build support for community and faith groups that play this vital role.*

## 7.3 Within this priority the Business Plan sets out some key actions that we will take in relation to the VCFS:

- Create closer relationships and joint working between the Council and our partners through revitalised partnerships.
- Work with our partners to support bids and bring new funding to the borough.
- Empower local VCFS organisations to bid for council contracts and opportunities.
- Transfer council-owned buildings to management by VCFS organisations where appropriate.
- Work with the health sector to provide coordinated support and funding for the VCFS.

## 7.4 These actions inform the new approach that the Council will take to working with the VCFS and resetting the relationship between the Council and the sector.

# 8. IMPLICATIONS

## 8.1 FINANCIAL IMPLICATIONS

**8.1.1** There are no direct financial implications arising from this information report. The changes in VCS funding were approved as part of previous budget setting and Medium-Term Financial Strategies.

**8.1.2** The Transformation Programme includes a VCFS review which seeks to identify savings by identifying alternative funding streams instead of revenue budget.

**8.1.3** Comments approved by Lesley Shields, Head of Finance for Assistant Chief Executive and Resources on behalf of the Director of Finance. (19 January 2023)

## 8.2 LEGAL IMPLICATIONS

**8.2.1** There are no direct legal implications arising from this information report.

**8.2.2** Insert at the end of the legal section: Comments approved by Sandra Herbert, the Head of Litigation & Corporate Law on behalf of the Director of Legal Services and Monitoring Officer. (19 January 2023).

### **8.3 EQUALITIES IMPLICATIONS**

**8.3.1** As a public body, the Council is required to comply with the Public Sector Equality Duty [PSED], as set out in the Equality Act 2010. The PSED requires the Council to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out their activities. Failure to meet these requirements may result in the Council being exposed to costly, time consuming and reputation-damaging legal challenges.

**8.3.2** Croydon's VCFS are vital to many of our residents in particular those focused on equality characteristics. Support is provided to organisations working with racialised groups, LGBT+ community, Disabled people and carers.

**8.3.3** A partnership relationship has enabled the Council to support VCFS organisations to work with many of our residents in the most need by commissioning services and also providing support in relation to premises by providing physical space, discounted rent and reduced business rates.

**8.3.4** Though financial needs have resulted in different financial support to the sector, the Council will continue to champion the VCFS sector in Croydon and continue the existing partnership through events and projects..

**8.3.5** Comments approved by Denise McCausland, Equalities Programme Manager. (19 January 2023)

## LONDON BOROUGH OF CROYDON

<b>REPORT:</b>	<b>Scrutiny &amp; Overview Committee</b>	
<b>DATE OF DECISION</b>	<b>30 January 2023</b>	
<b>REPORT TITLE:</b>	<b>Transformation Project Deep Dives</b>	
<b>CORPORATE DIRECTOR / DIRECTOR:</b>	<b>Jane West, Corporate Director of Resources and Section 151 Officer</b>	
<b>LEAD OFFICER:</b>	<b>Alan Layton, Interim Head of Service, Finance</b> <a href="mailto:alan.layton@croydon.gov.uk">alan.layton@croydon.gov.uk</a>	
<b>LEAD MEMBER:</b>	<b>Councillor Jason Cummings, Cabinet Member for Finance</b>	
<b>KEY DECISION?</b>	<b>No</b>	REASON: N/A
<b>CONTAINS EXEMPT INFORMATION?</b>	<b>No</b>	
<b>WARDS AFFECTED:</b>	<b>All</b>	

### 1. SUMMARY OF REPORT

- 1.1 The Mayor published the Transformation Plan on 30 November 2023. The Committee have subsequently asked for further information on the Commercial & Income Opportunities and the Income & Debt Review projects. This report provides the information available at this stage for those two projects

### 2. RECOMMENDATIONS

- 2.1 The Scrutiny and Overview Committee is asked to:
1. Note the contents of this report and
  2. Consider the conclusions arising from the discussion of this report as part of the wider Budget Scrutiny process.

### 3. BACKGROUND AND DETAILS

- 3.1. The Mayor published the Transformation Plan on 30 November 2023 which set out a transformational approach rather than continuing to salami slice budgets. The Transformation Plan, which is being developed, consists currently of ~39 projects. It sets out a new approach to a more modern way of working, that is cost effective and responds to different needs from different residents.

- 3.2. At the last meeting of the Committee Councillor Jason Cummings offered the Committee the opportunity to conduct a deep dive on a couple of the transformation projects listed in the Transformation Plan. The Committee have subsequently asked for further information on the Income & Debt Review and Commercial & Income Opportunities projects.
- 3.3. This report provides the information available at this stage for those two projects. Noting that the projects are in an early mobilisation phase, this information will provide the Committee an opportunity to explore the project scope and initial thinking. The relevant Project Managers will be attending the Committee meeting.

#### 4. INCOME & DEBT REVIEW

- 4.1. Project overview: The project has 4 strands to be delivered over 3 years:

PROJECT STRAND	BACKGROUND	OBJECTIVE
Fees and Charges	The audit report summarises the challenges: lack of a policy, no annual reviews (19/20 and 20/21), sign-off delayed by 6 months (22/23), agreed fees and charges not implemented.	(a) Marshal comprehensive list of discretionary Fees and Charges. (b) Ensure robust evidence base to support (a) consistent with legislation. (c) Align deliverables with audit report
Enforcement Agents	The Council uses a hybrid model of debt collection – external / internal Enforcement agents	Develop the evidence base to map way forward – hybrid, internal, external
Council Tax (CT) Arrears	Minor changes in CT collection have a major impact on Council revenues and its ability to deliver services.	To increase collection / arrears management efficiency learning from Central Government / Other Councils.
Debt management	Multiple teams currently manage the end-to-end invoicing / receivables management process.	To marshal a single view of Council Debt as a first step to explore options for improving debt management.

- 4.2. Progress to date: The team have initiated work (“Discovery”) to (a) review and develop the evidence base and (b) map issues and challenges to scope out a robust delivery plan

#### 5. COMMERCIAL & INCOME OPPORTUNITIES

- 5.1. Several services are responsible for income generation and this review seeks to ensure the Council is maximising income from the range of commercial and trading services.
- 5.2. The project will look at income performance and opportunities for growth and identify if returns are being optimised. Additionally, the project will look at whether there are any gaps in the commercial skills required of Council officers and recommend interventions

to address these. The project will identify/evaluate opportunities and deliver benefits from suppliers who have multiple contracts across different directorates and service areas. Savings will be identified as part of the initial phase of the project.

5.3. The project is commencing in January 2023 and is planned to have two tranches:

Tranche 1: commercial opportunities identified include but are not limited to the following:

- Growing income from the Premier Supplier Programme managing early payment discounts.
- Maximising income from the Digital Out of Home (DOOH) advertising contracts. this includes identifying and removing barriers
- Other income opportunities as identified

Note: Parking income has been excluded from this review as it has a separate review underway

Tranche 2:

- Review of suppliers with multiple contracts, often across different directorates. This picks up the blind spot of contract managers responsibility for their own contracts and not having a cross council awareness or responsibility to maximise value.
- Contracts will be identified, mapped and prioritised and contract managers engaged to co-develop approaches.

5.4. The key risks and dependencies facing the project include support required from Directors/Heads of Service, service and contract managers; a need to review scope of the “Income and Debt Review” to identify areas of synergy, overlap or conflict; existing savings plans that might impact on the same suppliers; resistance, lack of engagement or lack of capacity from services (at manager/head or director level); and the risk of double counting with existing savings plans

5.5. Progress to date.

5.5.1. Work has been underway through 2022 to increase the scope and engagement of the Premier Supplier Programme (PSP). Council policy requires inclusion within all new procurements and to consider its introduction, if possible, for contract extensions. A new contract was entered on 1<sup>st</sup> Oct 22 which provides enhanced benefits for the Council. For FY 2022/23 it is anticipated that the income/savings target will be exceeded and a new income growth target of £200k is anticipated on a separate budget line, resulting from the work to date and planned.

5.5.2. Most areas of the Council apply the PSP except ASCH and Housing. A review in 2022 of the potential to apply in ASCH decided to defer this at present and focus

on existing savings challenges.

Priority for 2023 will be implementation in Housing for the new repairs and heating contractors and with existing suppliers.

5.5.3. The assessment of the potential for digital advertising has commenced, noting that there are existing savings targets and ongoing discussions with incumbent suppliers. The approach here will be to ensure that we have the required information, skills and approach to achieve the existing targets and explore potential to exceed.

5.5.4. The analysis of skills gaps and mapping of opportunities has yet to commence, as has the detailed analysis of opportunities from suppliers with multiple contracts across different service areas. On the latter point it should be borne in mind that suppliers, in line with the Council, are having to manage the impacts of inflation. The greatest benefits are usually achieved through reduction in scope of services, demand reduction and how changing the council works with suppliers.

## **6. CONTRIBUTION TO COUNCIL PRIORITIES**

6.1. The Mayor's Business Plan 2022 – 2026 has made clear that his number one priority is that the council balances its books, listens to residents and delivers good sustainable services. The Transformation Plan is part of the approach to achieving this priority.

## **7. IMPLICATIONS**

### **FINANCIAL IMPLICATIONS**

7.1. The Commercial and Income Opportunities project is an enabling approach that will provide support to other initiatives. Currently no project investment and savings are identified. The Income and Debt Review has identified an investment need of £50,000 and has an efficiency target set of £500,000.

7.2. Comments approved by Interim Head of Service, Finance on behalf of the Corporate Director of Resources. (18/01/2023)