

Cabinet

Meeting held on Monday, 25 February 2019 at 6.30 pm in Council Chamber, Town Hall, Katharine Street, Croydon CR0 1NX

MINUTES

Present: Councillor Tony Newman (Chair);

Councillor Alison Butler, Stuart Collins, Jane Avis, Alisa Flemming, Simon Hall, Stuart King (non-voting - Job Share), Oliver Lewis, Paul Scott (voting - Job Share) and Manju Shahul-Hameed

Also Present: Councillors Margaret Bird, Jan Buttinger, Janet Campbell, Mario Creatura, Jason Cummings, Patsy Cummings, Nina Degrad, Sean Fitzsimons, Clive Fraser, Maria Gatland, Lynne Hale, Simon Hoar, Yvette Hopley, Shafi Khan, Vidhi Mohan, Jason Perry, Helen Pollard, Tim Pollard, Robert Ward and David Wood

Apologies: Councillor Hamida Ali

PART A

12/19 **Minutes of the previous meeting**

The part A minutes of the Cabinet meeting held on 21 January 2019 were agreed. The Leader of the Council signed the minutes as an accurate record.

13/19 **Disclosure of Interests**

There were none.

14/19 **Urgent Business (If any)**

There were no items of urgent business.

15/19 **Budget and Council Tax 2019/20**

a **General Fund and HRA Budget 2019/20**

The Leader began with a presentation and noted that despite local government experiencing cuts of 76% since 2011/12 the Prime Minister claimed that austerity had ended. The Leader stated he was proud to be presenting a budget which would see a modest increase of £1.54 per week in Council Tax in light of the large cuts experienced by the council. A budget, it was noted, which allowed for investment in areas including libraries, culture, young people, leisure centres and youth zones. The

Leader further welcomed the Mayor of London's budget being approved by the London Assembly, a budget which would provide additional funding for the Metropolitan Police Service which had also experienced large cuts in funding in recent years.

The Leader thanked Richard Simpson for his work on the budget and previous budgets. It was noted that in his role of S151 Officer, he had guided the council through some of the toughest times experienced in local government, and Members wished him well for the future. The Cabinet Member for Finance & Resources noted the huge contribution of Richard Simpson, and welcomed Lisa Taylor into the role of S151 Officer stating that Croydon continued to be in very safe hands financially.

The Cabinet Member for Finance & Resources gave a presentation to the meeting, stating the local government had experienced the largest cuts from central government and as a result local government across England was in crisis. Alongside the real term cut in spending power there had also been increases in demand which put further pressure on local government, and as such a multi-billion pound shortfall in funding had been identified nationally. Furthermore, it was raised that uncertainty remained in regard to the funding formula to be used by the government in future, and the council's response to the proposal was included within the agenda papers.

Whilst it was noted that funding cuts had placed a large pressure on local government, additional responsibilities such as Public Health and care leaver responsibilities, had also compounded the issue. Additionally, the Cabinet Member informed Members that demographic changes with an older population and more children in care, had increased pressures on the budget.

The Section 151 Officer noted that the Medium Term Financial Strategy in 2018 had reported a gap in 2019/20 and the following two years; however it had become possible to close the gap for 2019/20. The funding gap for the following two years, however, remained in place but work would continue to close the gap.

Members were informed that in addition to the central government funding reductions experienced since 2011, the council would see a further reduction of 8.2% in funding in 2019/20. Additionally, funding per head was significantly below that received by inner London boroughs despite Croydon experiencing the same issues as those experienced by inner London boroughs.

The Cabinet Member highlighted some areas where shortfalls in funding had been experienced; including Unaccompanied Asylum Seekers which saw a shortfall in funding of £7m and the Public Health grant had decreased by £2m per annum. Additionally, the council received only half the amount required for Council Tax Support.

Despite these shortfalls, the Cabinet Member noted that the council had focussed on delivery and having a tight control of the finances over recent years. The council, it was stated, had protected frontline services and had invested in the future of the borough. Furthermore, the council had introduced the London Living Wage and continued to encourage suppliers to also pay the London Living Wage. In relation to suppliers, the council was working to ensure that suppliers performed through improved commissioning and contract management, and penalties were imposed where necessary.

The Cabinet Member stated that the council remained committed to implementing the Labour manifesto despite the historic massive underfunding, which saw Croydon receiving £31m per annum less than inner London boroughs. A renewed focus on prevention and locality working would help to protect vulnerable residents and deliver high quality services for every resident.

It was noted that the proposed Council Tax rise of £1.54 per week would include a 77p rise in Council Tax, 26p for adult social services and 51p for the Greater London Authority which included greater funding for the Metropolitan Police Service. The Council Tax rise would include growth of £11m in Children, Families & Education which would help deliver support to Unaccompanied Asylum Seekers, children in care and education improvements, whereas the proposed growth in the Health, Wellbeing and Adults budget was due to the increase in number of adults in care and young adults requiring support. It was noted that a number of departments were making savings; including landfill tax reductions due to increased recycling rates, solutions being found by the Gateway team and back office savings.

In regard to capital expenditure, the Cabinet Member stated the largest area of expenditure was in relation to investment in housing. The Growth Zone, it was noted, would improve the infrastructure in the borough thereby bringing further benefits to Croydon. Investment in education would enable the delivery of greater SEN provision in the borough.

The Cabinet Member for Finance & Resources commended the budget to Council, which would be voted upon on Monday 4 March 2019.

The Cabinet Member for Homes & Gateway Services presented the Housing Revenue Account which would see a rent decrease of 1%, in line with government requirements, and no increases in ground rent or maintenance. The proposed repairs budget would ensure robust work continued to be undertaken, especially in the wake of the Grenfell tragedy, and as such £5m would be further invested into fire safety works.

The formal view of the Section 151 Officer was highlighted; that the budget must be considered in the context of the financial standing of the authority. The Section 151 Officer noted that in the 2018/19 outturn

earmarked reserves were expected to drop by £5m; however it was planned that the reserves would be replenished in 2019/20.

Despite the rising demand and cuts experienced by the authority the Section 151 Officer stated the council had not been using the reserves to plug any gaps in the budget. Furthermore the authority expected to receive £30m in capital receipts over the following three years which would facilitate the budget.

It was noted that £28m of growth was proposed within the budget which was in line with the detailed work that had been undertaken to forecast expected increases in demand and growth. Additionally, the Section 151 Officer highlighted that savings of £27m were set out in the budget, each saving had a clear delivery plan and the relevant Cabinet Member was clear of the expectations.

The Section 151 Officer informed Members that there were risks in relation to the delivery of the budget; including the increasing demands on social care, continuing Brexit uncertainty and continuing Unaccompanied Asylum Seeker underfunding by the Home Office. Additionally, it was noted, there remained uncertainty in regard to local government funding nationally, however as the Fair Funding Review continued further reports would be taken to Cabinet outlining the impact.

In conclusion, the Section 151 Officer considered the proposed budget to be robust.

Members of Cabinet welcomed the budget as it delivered in terms of Croydon's ambitions for culture, both in terms of investing in the Fairfield Halls but also ensuring savings were realised in the long term maintenance of assets. The budget also enabled the council to ensure better outcomes for communities.

In response to Member questions the Cabinet Member for Finance & Resources stated there was a quirk in local government finance regulations that if the authority collects more than was budgeted for then the council cannot recognise that additional money until the following financial year. This had been recognised by the external auditors within their audit report and was not considered inappropriate.

Members noted that there were a number of factors which caused uncertainty in local government funding; however despite the difficulties Members stated that investment in services, such as education and supporting the local economy, continued which delivered for local residents.

The Cabinet Member for Families, Health & Social Care stated the 6% precept for adult social care over the last three years was a repressive tax which burdened those who could least afford it. Despite the precept a £2b funding gap for adult social care remained nationally, and the Local

Government Association anticipated this funding gap to increase to £25b by 2025. It was suggested that the government should not push forward with the NHS long term plan until the funding for adult social care was sorted as the two were linked.

In response to questions the Cabinet Member for Families, Health & Social Care confirmed that a consultation was undertaken before Christmas 2018 in regard to the proposed charging schedule and while it was noted that there was a low response rate from some residents, such as eight responses in terms of learning disabilities, organisations which supported those residents were consulted and responded. It was not felt that the consultation could have gone further, and when the Cabinet Member had spoken to service users they had understand the fairness of the proposal.

The Cabinet Member for Finance & Resources further stated that the consultation had been undertaken properly and the proposals had been carefully thought out. The council continued to work with the voluntary sector and support services to assist those affected, and would work to ensure people did not fall through the net. The Leader stated that if the council received the proper funding then different proposals would have been put forward, but while the council continued to be underfunded difficult decisions were necessary.

In response to Member questions the Cabinet Member for Environment, Transport & Regeneration (non-voting – Job Share) confirmed that the capital budget for TfL was the council's contribution to the capital programme and was linked to improvement to cycle provision in the borough.

Councillor Alisa Flemming arrived at the meeting at 7.28pm.

The Leader proposed recommendation 1.1 (III) of the report be amended to read: "To welcome the GLA increase of 8.93%, of which 91% of which is being used for the Metropolitan Police service and 9% is being used for the fire service". Cabinet agreed to this amendment.

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

RESOLVED:

1. That Cabinet recommend to full Council:
 - a. A **2.99%** increase in the Council Tax for Croydon Services (a level of increase Central Government has assumed in all Councils' spending power calculation).
 - b. A **1.0%** increase in the Adult Social Care precept (a charge Central Government has assumed all councils' will levy in its spending power calculations).

- c. To welcome the GLA increase of **8.93%**, of which 91% of which is being used for the Metropolitan Police service and 9% is being used for the fire service.
With reference to the principles for 2019/20 determined by the Secretary of State under Section 52ZC (1) of the Local Government Finance Act 1992 (as amended) confirm that in accordance with s.52ZB (1) the Council Tax and GLA precept referred to above are **not excessive** in terms of the most recently issued principles and as such to note that no referendum is required. This is detailed further in section 3.5 of the report.
 - d. The calculation of budget requirement and council tax as set out in Appendix D and E of the report. Including the GLA increase this will result in a total increase of 4.88% in the overall council tax bill for Croydon.
 - e. The revenue budget assumptions as detailed in the report and the associated appendices :-
 - f. The programme of revenue savings and growth by department for 2019/20 (Appendix A of the report).
 - g. The Council's detailed budget book for 2019/20 (Appendix B of the report).
 - h. The Capital Programme as set out in section 16, table 16 and 17 of the report.
 - i. To note there are no proposed amendments to the Council's existing Council Tax Support Scheme for the financial year 2019/20.
 - j. The adoption of the Pay Policy statement at Appendix H of the report.
 - k. Approve the increase in premium for long-term empty dwellings with effect from 1st April 2019 as set out in section 9.10 of the report and Appendix I of the report.
 - l. The adoption of the Adult Social Care Charging Policy with effect from the 1st April 2019 as set out in section 8.11 and appendix J of the report.
2. That Cabinet agree:
 - a. A rent decrease for all Council tenants for 2019/20, in line with the Government's social rent policy which has legislated to reduce social rents by 1%.
 - b. No increase to Garage and Parking space rents.
 - c. No increase to the service charges for caretaking, grounds maintenance and bulk refuse collection as detailed in section 17 of the report.
 3. That Cabinet note:
 - a. That in respect of the Council's public sector equalities duties where the setting of the capital, revenue and HRA budget result in new policies or policy change the relevant service department will carry out an equality impact

assessment to secure delivery of that duty including such consultation as may be required.

- b. The progress being made towards balancing the Council's financial position for 2018/19 as at Quarter 3 and the current projected outturn forecast of £5.466m as set out in the report at item 5b on the agenda.
- c. The response to the draft local government settlement which is attached at Appendix F of the report.
- d. That pre-decision scrutiny of the proposed budget 2019/20 took place at the Scrutiny and Overview Committee on the 15th January 2019. The Scrutiny and Overview Committee agreed to recommend that the Cabinet Member for Finance and Resources be invited to attend a meeting of the Committee early in the new municipal year to discuss with Members the process for setting the following year's budget.
- e. The statement on reserves and balances and robustness of estimates from the statutory Section 151 Officer.

b Quarter 3 Financial Performance Report 2018/19

The Cabinet Member for Finance & Resources introduced the report, noting that the total overspend of £5.466m was due to the budget pressures experienced by the council, in particular with regard to social care pressures. However, the council continued to have a tight grip on its finances as investment continued in the borough.

In response to Member questions the Cabinet Member stated that in 2017/18 the parking team had been very prudent in calculating anticipated parking charges, and as such had massively underestimated the projected income; however officers were confident that the budget had now been corrected. The Cabinet Member for Environment, Transport & Regeneration (non-voting – Job Share) further confirmed that officers did not go out looking to fine people and half of fines were given to those who did not live within in the borough. Members also noted that additional income was received due to the expansion of Controlled Parking Zones in the borough.

The Cabinet Member for Finance & Resources noted that the council's ability to forecast trends, particularly in relation to adult and children's social care, had improved. However it was recognised that there had been some underestimates in the level of demand but it was felt that it was improving which was enabling the council to budget more effectively, barring external factors such as the underfunding of Unaccompanied Asylum Seekers.

The Cabinet Member for Children, Young People & Learning welcomed the budget, noting that borrowing was taking place for the right reasons to provide stable and safe homes and education facilities for young people.

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

RESOLVED:

1. Note the current revenue outturn forecast at the end of the third quarter of 2018/19 of £2.8m, this is before exceptional items of £2.666m, resulting in a total overspend of £5.466m. If the £5.466m is not reduced by the end of the year up to £5.5m will need to be drawn down from earmarked reserves in 2018/19. Reserves will then be replenished reserves in 2019/20 from the anticipated collection fund surplus and dividend payable to the Council by Brick by Brick, which forms part of the draft 2019/20 budget.
2. Note the ongoing engagement with and lobbying of Government by the Council for additional funding for Croydon, both in general terms and specifically Unaccompanied Asylum Seeking Children given Croydon's gateway status, fire safety measures and mitigation of the impact of the Universal Credit implementation.
3. Note the HRA position of a £1.87m forecast underspend against budget.
4. Note the capital outturn projection of £373.316m, forecast to be an underspend of £74.684m against budget.

c Treasury Management Policy Statement, Minimum Revenue Provision Policy Statement & Annual Investment Strategy 2019/20

In response to Member questions the Cabinet Member for Finance & Resources confirmed the Section 151 Officer would be able to provide details in relation to the authorised borrowing limit; however it was felt that it was right to borrow to enable investment in the borough; such as in Fairfield Halls, SEN school provision, and temporary accommodation. It was noted that the benefits from investments were realised. The Cabinet Member further stated that details in relation to any borrowing which had been reclassified in line with the Minimum Revenue Provision Statement and any decision taken under delegated authority in relation to this would be provided by the S151 Officer after the meeting.

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

RESOLVED:

That Cabinet recommend to Full Council that it approve:

1. The Treasury Management Policy Statement 2019/2020 as set out in the report including the recommendations:
 - a. That the Council takes up the balance of its 2018/2019 borrowing requirement and future years' borrowing requirements, as set out in paragraph 4.5 of the report.
 - b. That for the reasons detailed in paragraph 4.14 of the report, opportunities for debt rescheduling are reviewed throughout the year by the Director of Finance, Investment and Risk (S151 Officer) and that, she be given delegated authority, in consultation with the Cabinet Member for Finance and Resources and in conjunction with the Council's independent treasury advisers, to undertake such rescheduling only if revenue savings or additional cost avoidance can be achieved at minimal risk in line with organisational considerations and with regard to the Housing Revenue Account (HRA) as set out in the Council's Medium Term Financial Strategy 2018/2022.
 - c. That delegated authority be given to the Director of Finance, Investment and Risk (S151 Officer) in consultation with the Cabinet Member for Finance and Resources, to make any necessary decisions to protect the Council's financial position in light of market changes or investment risk exposure.
 - d. That the Council adopts the 2017 edition of the revised Treasury Management Code of Practice and Prudential Code issued by CIPFA in December 2017.
2. That the Council adopts the Annual Investment Strategy as set out in paragraph 4.16 and 4.17 of the report.
3. That the Authorised Borrowing Limits (required by Section 3 of the Local Government Act 2003) as set out in paragraph 4.18 and as detailed in **Appendix C** of the report be as follows:

2019/2020	2020/2021	2021/2022
£1,486.05m	£1,550.30m	£1,615.40m

4. That the Council approve the Prudential Indicators as set out in **Appendix C** of the report.
5. The Annual Minimum Revenue Provision Policy Statement (required by the Local Authorities (Capital Financing and Accounting) (England) (Amendment) Regulations 2008SI 2008/414) as set out in **Appendix D** of the report.
6. That the Council's authorised counterparty lending list as at 31 December 2018 as set out in **Appendix E** of the report and the rating criteria set for inclusion onto this list be approved.

7. That the Council adopts the Capital Strategy Statement set out in section 3 of the report.

16/19

Housing Asset Management Plan

The Cabinet Member for Homes & Gateway Services informed Members that the Plan ensured the upkeep of council homes and enabled residents to be engaged with improvements which were to be undertaken. Whilst it was noted that the Housing Revenue Account budget was not entirely controlled by the local authority, the council continued to work to ensure homes were up to the required standard and improvements were effectively delivered to ensure the homes were compliant, decent and energy efficient.

Members were informed that it was the ambition of the council that residents were proud to call the properties 'homes', and felt that their views were being heard by using a variety of means to engage with the residents. The Cabinet Member thanked the housing team which had worked on creating the Plan, and who were incredibly passionate in ensuring residents had the best quality homes and were engaged in improvements.

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

RESOLVED: To

1. Note the proposed implementation and progression of the draft Housing Asset Management Plan which sets out the overarching direction, specific strategies, policies and procedures to manage the Council's housing assets over the period of 2019 to 2028; and
2. Recommend to Full Council that the Housing Asset Management Plan 2019-2028, Appendix 1 of the report, be approved and implemented.

17/19

Brick by Brick Annual Business Plan

The Cabinet Member for Homes & Gateway Services stated it was an exciting year for Brick by Brick as residents would begin to move into the homes which had been built and Fairfield Halls was due to open in September 2019 following a full renovation. Members were informed that the Croydon First mantra was being delivered as the homes that were built were available primarily to Croydon residents.

Colm Lacey from Brick by Brick delivered a presentation and outlined that the company was set up with the clear ambition of delivering for Croydon. Homes were being built on sites which were typically small and across the borough, and around 13,000 homes were in the process of planning or delivery. The strategic target for Brick by Brick was to deliver around 500

homes per year, with around 50% being affordable. At the time of the meeting, Members were informed that 48% of consented schemes were to be affordable.

Brick by Brick stated that they were continuing to actively work on the pipeline programme which was anticipated to deliver 50% affordable homes, with work currently taking place on pre-application for the Fairfield Homes. Work continued to develop a new staffing structure, with staff numbers having grown from 19 to over 35, and a marketing suite was due to open the following week in George Street which would enable the company to market available properties to Croydon residents.

Mr Lacey confirmed that profits from the schemes were reinvested into ensuring the delivery of affordable homes in other projects. Members were informed that quality of design and build were paramount as it was important that the homes which were built were homes which people were proud to live in.

In terms of Fairfield Halls, Members were informed that the internal works were due to be completed in 2019, and that the refurbishment works had been sensitive to all that was loved about the Halls.

Cabinet Members noted that the renovation of Fairfield Halls was the biggest statement for culture in south London in ten years, and the Halls would be an exciting asset to the borough and would deliver exciting partnerships with organisations which sought to enhance the culture of the borough.

In response to Member questions, Mr Lacey stated the lease for the marketing suite was for 10 years with a rent of around £40,000 per annum which was a favourable level and gave the company a high street presence. The marketing suite also had office accommodation above which was to be used by Brick by Brick staff.

Whilst it had been planned that Brick by Brick would be self-financing before 2022, it was now planned that more units would be delivered. The Cabinet Member for Finance & Resources confirmed the council supported the increased delivery of housing units which was crucial for families in the borough, and that the additional borrowing would be repaid. It was noted that the dividends received would be favourable to the council as the amount received would be higher than the amount the council had been charged in interest for the loans; however a prudent view had been taken on the level of dividends given the property market at the time of the meeting.

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

RESOLVED:

That Cabinet, on behalf of the Council as sole shareholder of Brick by Brick Croydon Limited ("**BXB**"), approve the 2019/2020 Business Plan of BXB as set out in Appendix 1 of the report.

18/19

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 the Scrutiny & Overview Committee (11 December 2018) and from the Children & Young People Scrutiny Sub-Committee (27 November 2018) to provide a substantive response within two months (i.e. at the next available Cabinet meeting on **25 March 2019**).

19/19

Stage 2 Response to Recommendations arising from Scrutiny & Overview Committee on 30 October 2018 and Streets, Environment & Homes Scrutiny Sub-Committee on 6 November 2018

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

RESOLVED:

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

20/19

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 over £500,000 anticipated to be awarded by the nominated Cabinet Member, in consultation with the nominated Cabinet Member for Finance and Resources or, where the nominated Cabinet Member is the Cabinet Member for Finance and Resources, in consultation with the Leader.
2. The list of delegated award decisions made by the Director of Commissioning and Procurement, between 12/12/2018 – 11/01/2019.

3. Property acquisitions and disposals to be agreed by the Cabinet Member for Finance and Resources in consultation with the Leader since the last meeting of Cabinet.

21/19

Exclusion of the Press and Public

The item was not required.

The meeting ended at 8.11 pm