

Extraordinary Council Meeting

Meeting held remotely on Monday, 28 September 2020 at 6.30 pm.

MINUTES

- Present:** Councillor Maddie Henson (Chair);
Councillor Sherwan Chowdhury (Vice-Chair);
Councillors Hamida Ali, Muhammad Ali, Jamie Audsley, Jane Avis, Jeet Bains, Leila Ben-Hassel, Sue Bennett, Margaret Bird, Simon Brew, Alison Butler, Jan Buttinger, Janet Campbell, Richard Chatterjee, Luke Clancy, Chris Clark, Pat Clouder, Stuart Collins, Mary Croos, Jason Cummings, Patsy Cummings, Mario Creatura, Nina Degrads, Jerry Fitzpatrick, Sean Fitzsimons, Alisa Flemming, Felicity Flynn, Clive Fraser, Maria Gatland, Lynne Hale, Simon Hall, Patricia Hay-Justice, Simon Hoar, Steve Hollands, Yvette Hopley, Karen Jewitt, Humayun Kabir, Bernadette Khan, Shafi Khan, Stuart King, Toni Letts, Oliver Lewis, Stephen Mann, Stuart Millson, Vidhi Mohan, Michael Neal, Tony Newman, Steve O'Connell, Oni Oviri, Ian Parker, Andrew Pelling, Jason Perry, Helen Pollard, Tim Pollard, Joy Prince, Helen Redfern, Scott Roche, Pat Ryan, Paul Scott, Manju Shahul-Hameed, Andy Stranack, Gareth Streeter, Robert Ward, David Wood, Louisa Woodley and Callton Young
- Jacqueline Harris Baker, Executive Director – Resources (Council Solicitor and Monitoring Officer), Katherine Kerswell, Interim Chief Executive and Stephen Rowan (Head of Democratic Services and Scrutiny)
- Apologies:** Councillor Robert Canning and Badsha Quadir

PART A

At the outset of the meeting, before the formal business commenced, Madam Mayor, Councillor Henson, led Members of Council in holding a minute's silence in honour of local Police Sergeant Matt Ratana. Madam Mayor invited the Leader, Councillor Newman, to comment before the minute's silence commenced. The Leader described how the loss of Sergeant Ratana was a tragedy for his family, friends and work colleagues in addition to all with whom he had played rugby. After so many years of dedicated service, what had happened was awful. The Leader described how he had visited the detention centre where Sergeant Ratana had lost his life and had witnessed the outpouring of grief, emotion and love from Croydon and beyond. It was acknowledged how this had been appreciated Sergeant Ratana's by family and friends.

Councillor Perry, the Leader of the Opposition, was also invited to address the Members of Council and echoed the Leader's words. Sergeant Ratana was described as a much respected member of the community and the Police Force with deepest condolences being expressed to his family and friends.

What had occurred was a reminder that those in the emergency services were putting their lives on the line every day.

A minute's silence was held to honour the life of Sergeant Matt Ratana.

111/20 Minutes of the Previous Meeting

Prior to the vote on the minutes of the previous meetings, Madam Mayor informed the meeting that there were 38 Labour Members and 27 Conservative Members in attendance at that point in the meeting.

The minutes of the Annual Council meeting held on 6 July 2020 and the Council meeting held on 13 July 2020 were agreed as an accurate record.

112/20 Disclosure of Interests

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

113/20 Urgent Business (if any)

There were no items of urgent business. However, Madam Mayor explained to the meeting that the Administration had withdrawn its requisition and therefore the meeting would no longer be considering Item 9 on the agenda.

114/20 Announcements

Madam Mayor commenced her announcements by echoing the earlier remarks made in honour of Sergeant Matt Ratana; having met with several people who had known him, Madam Mayor described how Sergeant Ratana had been a wonderful officer and a good man.

Councillor Perry was welcomed to his new role as the Leader of the Opposition. Mental health first aid training available to Councillors was highlighted. Madam Mayor described how since the last Council meeting, she had organised a series of socially distanced picnics at which readings had been provided by local authors. A tour of local food banks had been undertaken to meet volunteers who had supported Croydon's vulnerable residents during the pandemic.

The Croydon Connect project had been launched. This would encourage children to make a giant paper chain to be displayed in the Town Hall, decorated with their experiences of the pandemic. A panel discussion seeking to break down barriers to loss would be held using Facebook on 10 October 2020. Madam Mayor also announced her first fundraising event. This would be a quiz held using Zoom on 7 November 2020.

The Leader was invited by Madam Mayor to make his announcement. It was advised that he was working with leaders across London to respond to the pandemic. London, including Croydon, was on a heightened setting with a growing number of Covid cases. It was hoped that the issues experienced with the NHS Track and Trace system would be addressed. The importance of the Council's own Public Health team in this work was highlighted.

115/20 Arrangements for the Appointment to Interim Head of Paid Service

Invited by Madam Mayor, the Leader moved the recommendation in the report relating to the appointment of the Head of the Paid Service, Returning Officer and Electoral Registration Officer. Councillor Perry seconded the motion.

The recommendation was put to the vote and approved unanimously. Madam Mayor expressed a warm welcome to Katherine Kerswell, the Head of the Paid Service, Returning Officer and Electoral Registration Officer, on behalf of Members of Council.

116/20 Croydon Renewal Plan and amendments to the 2020/21 General Fund Budget

Madam Mayor explained to Members of Council that this item concerned the Croydon Renewal Plan, amendments to the 2020/21 General Fund Budget and the revised Capital Programme which had been recommended to Council by Cabinet. Both Groups were thanked for their work in reaching a cross-party agreement on the process for considering the item.

Presentation

The Director of Finance, Investment and Risk (and Section 151 Officer) gave a presentation to Council on the budget matters for consideration. This commenced with a review of the Council's financial circumstances. Spending by each department during 2019/20 was detailed with growth and savings/income provided. This demonstrated that the two highest spending departments were Children, Families and Education and Health, Wellbeing and Adults, with a combined budget of just under £200m. Further facts and figures were provided on the Council's budget including that this comprised spending of £177m annually on staff, £522m on contracts and supplies, total debt of £1.5bn with £26m being spent annually on servicing debt. How the Council's income was drawn from Council Tax and Business rates was outlined along with information provided on the Council's General Fund and Earmarked Reserves.

The measures being taken to address the Council's financial situation were presented including the work of the Financial Review Panel, the immediate short term measures programme, the financial report taken to Cabinet in July 2020, the work being undertaken to refresh the Medium Term Financial

Strategy (MTFS) and the conversations being had with the Ministry for Housing, Communities and Local Government (MHCLG). It was clarified that a plan had to be submitted to MHCLG detailing the Council's funding for 2020/21 and future years.

The overspend to the end of August 2020 was stated at £50.3m representing lost income, unachieved savings, Covid related and exceptional cost on items such as Unaccompanied Asylum Seeking Children (UASC). The overspend was being addressed by £27.9m of in-year savings which had been presented to and agreed by Cabinet. This included savings arising from the reduction in staffing numbers which was expected to provide up to £15m of savings in subsequent years. However, caution was expressed with work ongoing to deliver the identified savings as some were still rated as amber and red.

This meant £22.4m of overspending remained. Risks and the limitations of the Council's financial resilience were highlighted. It was stressed that the budget gap could worsen. The £8m adjustment to the 2019/20 accounts was still to be agreed and it was noted that the auditor has raised concerns about the treatment of the accounts. It was possible that the Council's spending on Covid related costs would increase especially with the noted rise in cases happening at the time of the meeting. There might also be changes to Government legislation which would have a financial impact on the Council's budget. The example of Covid marshals was given.

It was clarified for Members of Council that the Chief Financial Officer was under a statutory obligation to issue a Section 114 Notice where the Council was incurring more costs than could be met through available funding. It was highlighted that a Section 114 Notice had not been issued because the Council was still working to bring spending in line with expenditure as had been agreed with MHCLG and the Chartered Institute of Public Finance and Accountancy (CIPFA). It was highlighted that it was not an option to utilise all the Council's reserves to address the overspend. It was a requirement in law that the Council have a balanced, sustainable budget meaning spending had to be stopped urgently.

The options available to the Council at this point and their consequences were outlined. If the Government were to take control of running the Council, the Members of Council would no longer be able to make budget decisions. If the Council was to retain control it would need to stop top slicing and shift to reshaping and renewing the budget.

Seeking help from MHCLG would not provide free money. Rather the Council was requesting permission to borrow for revenue expenditure, which was normally only permitted for capital spending. This would allow the development and fulfilment of a Renewal Plan that would provide a three year timeframe during which the Council's budget could be re-profiled and balanced. An illustration of how much it would cost to repay £30m of borrowing over 40 years was provided. It was also highlighted that MHCLG could reject the Council's capitalisation direction request.

The need to make a credible approach to MHCLG meant that decisions had to be made on savings, the review of Capital Programme, the strategic review of group companies and the Renewal Plan.

Details of the Croydon Renewal Plan were shared with Members of Council. Plan A was to make a submission to MHCLG by mid-November 2020 formally requesting permission to borrow for spending on revenue items. If this request was rejected, Plan B was to achieve a further £22.4m of savings in 2020/21 and £47m of savings in 2021/22. This would require an emergency budget which if not agreed would result in the issuing of a Section 114 Notice. This would allow a period of 21 days during which a balanced budget would have to be agreed.

Introductory comments

The Leader was invited by Madam Mayor to make his introductory comments regarding the Croydon Renewal Plan and budget amendment. The Leader highlighted that whilst the costs of Covid were evident for their impact on the Council's budget, the real costs were being counted in the lives affected and taken. The work being undertaken with the support of the Local Government Association (LGA) and the Finance Review Panel (FRP) to make the strongest possible case for Croydon to MHCLG was highlighted. The aim was to ensure that Croydon retained its ability to provide frontline services, especially in response to a second wave of Covid should this happen. This would include working with Croydon's 140 Care Homes to ensure the most vulnerable were shielded and to keep schools open. The Leader expressed his desire that the Croydon Renewal Plan and budget amendment be agreed on a cross-party basis. It was hoped that party politics could be put aside and agreement reached to put Croydon first. The comparison was made with Shaun Bailey, the Conservative Party candidate for the Mayor of London, who was described as having unsuccessfully tried to argue that the budget difficulties experienced by Transport for London were not the result of Covid but as a result of the management by the Mayor of London, Sadiq Khan. All company structures were being reviewed to ensure value for money. In response to a question regarding the budget presentation given, the Leader explained the importance of Council hearing the facts from the Director of Finance, Investment and Risk (and Section 151 Officer) about the impact of Covid on the Council's budget.

Councillor Hall, the Cabinet Member for Finance and Resources, was invited by Madam Mayor to make his introductory comments regarding the Croydon Renewal Plan and budget amendment. Councillor Hall gave tribute to the Director of Finance, Investment and Risk, her team and all Council staff who were working hard on the budget. It was explained that there was a need to take action for residents and that it was hoped the focus at the meeting would be on the opportunities for the Council rather than on party politics. Councillor Hall highlighted that the Opposition had voted in favour of the last three budgets with no alternative budget suggestions provided. There was a call for all to recognise the reality of the Council's position. It had been under-funded for a long time with the effect of austerity highlighted. This was not about

excuses, but 80% of the budget gap was directly related to Covid. It was recognised that there would have been challenges without the impact of the pandemic, but the reality of the Council's budget position would have been completely different had Covid not happened. The implementation of the staffing review had sought to minimise the number of compulsory redundancies. With regard to the Council's debt burden, this had increased by over £700m under the Conservative Administration with it being highlighted that the current Administration had acted to address the historic underfunding in Children's Services in order to bring caseloads within reasonable levels. Councillor Hall called on Members of Council to take the necessary actions in unprecedented times.

Questions

Madam Mayor explained to Members of Council that they would be able to put questions to the Leader and Councillor Hall for an hour.

Councillor Bains stated that Councillor Hall prided himself on being a qualified accountant, but suggested the truth was that the Cabinet Member had gambled with Croydon's future including through schemes such as Brick By Brick.

In response, Councillor Hall characterised Councillor Bains' comments as a personal attack and confirmed that he was a qualified accountant. Investment in assets were giving a monthly income with Brick By Brick providing much needed housing as well as a profit.

In his supplementary question, Councillor Bains accused Councillor Hall of bringing Croydon to its knees under his financial leadership. Brick By Brick had recently received a further loan. It was questioned why it had benefitted from the leniency of not having to pay back any of the loans received until all its properties were sold. If this was not the case, Councillor Hall was asked to clarify how much money had been repaid by Brick By Brick and why six of its nine directors had resigned. In response, Councillor Hall described Councillor Bains as indulging in personal attacks including calling into question the probity and professionalism of officers. The prices paid by Brick by Brick for development land had been professionally determined by officers, including the Section 151 Officer. This had been approved through the appropriate process, including at Cabinet with full transparency. It was acknowledged that Brick By Brick would be part of the group structure review.

Councillor Clark requested that Councillor Hall provide Members of Council with an update on the status of Croydon Park Hotel.

In response, Councillor Hall informed Council that the leaseholder had gone into insolvency at the start of Covid period. It was intended to use Croydon Park Hotel for Temporary and Emergency Accommodation whilst its longer term future was considered. This meanwhile use would make a contribution to Council's budget position whilst also providing a good quality solution for accommodation.

In his supplementary question, Councillor Clark asked Councillor Hall to quantify the cost saving that would be gained from using Croydon Park Hotel for Temporary and Emergency Accommodation. In response, Councillor Hall explained that this was being calculated, but it was thought that the saving would be in excess of £2m and therefore would be making a significant contribution to the debt on the hotel.

Councillor Bennett asked the Leader if social workers were being made redundant as a result of the staff headcount reduction. If so, this meant Council was failing vulnerable children as a result of the Administration's financial incompetence. Councillor Bennett asked for reassurance that Children's Services not be subject to further redundancies.

The Leader noted that this was a good question and that three years previously, in response to the Ofsted notice to improve, it was acknowledged that the service needed to replace agency and temporary staff with those on permanent contracts in order to maximise cost efficiencies. Whilst it could not be guaranteed, the aspiration was to minimise the loss of permanent staff. Whilst it was recognised that there was a limited financial envelop, it needed to be understood what this meant for the service to Croydon's children. Social worker caseload levels were recognised as good. The challenge was to make sure this could be maintained along with retaining the best permanent staff.

Councillor Bennett used her supplementary question to welcome that children were at the forefront of the Council's considerations and the commitment to protect the most vulnerable. In response, Councillor Newman noted that what support the Council should give to Children's Services was a big part of the debate that needed to be had about the budget. The pressures posed by services for UACS also needed to be managed.

Madam Mayor gave permission to Councillor Flemming, the Cabinet Member for Children, Young People and Learning to also respond to the question to be able to provide more detailed information. Out of 298 members of staff in Children's Services, 47 had gone as part of the head count reduction without impact on caseloads. This meant that they remained lower than the target when the Council was going through the Ofsted monitoring process. It also meant that the permanent to temporary staff ratio was 70/30. Councillor Flemming made the offer to share further figures with Councillor Bennett.

Councillor Clouder asked Councillor Hall to clarify what the years of reductions in Government funding had meant for Croydon and Council services.

In response, Councillor Hall detailed that, as referenced in budget reports, this equated to an annual loss of £100m of funding. It was described how this had a dramatic impact on the most vulnerable and meant that the Government had forced through above inflation increases on Council Tax and the Adult Social Care Precept with an impact on all residents. Whilst the Administration

had tried to retain and enhance services so much more could have been done with better funding.

In her supplementary question, Councillor Clouder noted that the Chancellor of the Exchequer had cancelled the Government's budget this year and asked what was being made of the of the announced emergency jobs scheme. The Leader deferred to Councillor Manju Shahul-Hameed, the Cabinet Member for Economy & Jobs, who explained that whilst the scheme was welcomed employers would have to make difficult decisions as it was hard to maintain employment at a third of the rate of previous capacity. With the end of the furlough scheme a rise in unemployment was anticipated in Croydon. The implementation of a 10pm curfew was affecting the hospitality sector which had made considerable investment in making premises Covid-safe. Croydon was continuing to call for sector specific schemes to provide support. Councillor Shahul-Hameed called for clarity on what was meant by Covid-safe jobs.

Councillor Oviri asked the Leader why the Council's leisure centres had only reopened in Labour held wards. This was compared with all those in Conservative wards remaining shut. Councillor Oviri noted that whilst the Council and GLL, the leisure centre operator, claimed not to have any money, there had been funds to invest in hotels and shopping malls.

In response, the Leader rejected any suggestion that decisions over whether or not to reopen leisure centres were based on politics. The Leader noted that the New Addington leisure centre was brand new which would have been a consideration. It was also noted that it was not for politicians to make such operational decisions. In the face of a potential second wave, the Leader questioned how long any leisure centres would be remaining open.

The Leader deferred to Councillor Lewis, the Cabinet Member for Culture, Leisure & Sport who explained that the operator, GLL, had been hit by Covid and underfunding from Government. Decisions over whether or not to open had been made based on which centres were performing better and offered the greater opportunity to generate income. The desire was expressed to be in a position where all could be reopened, but that this would be based on better performance and increased economic return.

Councillor Oviri used her supplementary question to note that GLL, which operated 113 leisure centres with a turnover of £298m, had reopened 106 sites with over 40% of those that remained closed or open with restrictions, located in Croydon. It was questioned why Croydon was the only Council in London that had failed to properly open its leisure centres. In response, the Leader suggested that he would review the opening of leisure centres with Councillor Lewis.

Madam Mayor took the opportunity to remind Councillor Oviri that the Addiscombe East Ward was in fact split in its political representation.

Councillor Audsley asked the Leader what values and principles would be used to reshape the budget.

In response, the Leader described how the development of a sustainable budget needed to address inequalities. The impact of Covid was being seen to heighten inequality and given the budget was being developed in the face of a potential second wave it was even more pressing that inequalities be addressed. It was acknowledged that the Council was going to be working within a smaller financial envelope but it still needed to ensure that underlying inequalities were addressed and not further exacerbated.

Councillor Creatura noted that since taking over control in 2014, the Labour Administration had spent £15K on debt for every single hour that it had been in power. This was debt that had to be repaid by residents and reductions would be made in the services provided for the most vulnerable. It was noted that budget targets had been missed every year. The Leader was asked how budget targets would be met in 2020/21.

In response, the Leader highlighted how the Administration was responding to the pressures on the budget. The Opposition had not been opposed to the budgets presented over the last three years and had not raised questions at the point new services were opened. It was acknowledged that the Council was working within a smaller financial envelope and that at a time of significant financial pressure, it was correct that borrowing should be reviewed. The Leader hoped that the Opposition would support the budget amendments.

In his supplementary question, Councillor Creatura, stated that the Administration's track record demonstrated that it was incapable of following a budget. It was stated that MHCLG had described Croydon as one of the worst Councils for financial management and that as a result the Opposition would not be supporting the Renewal Plan and the budget amendment whilst there was no change in the Administration's leadership. Councillor Creatura questioned when the Leader would be stepping down for the good of Croydon. In response, the Leader stressed the seriousness of the Council's situation and that the Opposition should not be playing politics.

Councillor Jewitt asked the Leader to detail the additional responsibilities the Government had imposed on the Council and the resulting funding gap caused by the costs of delivery.

In response, the Leader noted that additional responsibilities had a £70m gross impact on the budget. It was recognised that some funding had been forthcoming from Government for these responsibilities. However, this had been made available in tranches and with some requiring applications to be made which had not been an ideal approach. However, this still left a budget gap of £40m which meant the Council could not wait any longer to act. The Leader described the additional responsibilities placed on the Council by Covid including school outbreak control, the work of public health, input to local testing provision as well as the responsibility of responding to local outbreaks. It was noted that lots of decisions were being taken nationally

during the pandemic, but that it would be better if councils had been involved from the outset.

In her supplementary question, Councillor Jewitt asked what the effect would be if Croydon were funded to the same level as Wandsworth. In response, the Leader confirmed that Croydon would receive £30m of additional funding if its funding were equivalent to that received by Wandsworth. The pressures on funding caused by Croydon being the largest borough in London were highlighted. A large and young population caused significant pressure on youth services. Funding for UASC was disappointing. The Leader described how in the past, including under the leadership of Councillor Fisher, there had been a cross-party approach to a fair funding solution for Croydon.

Councillor Parker asked the Leader why the amendment to the budget included fees of up to £51 for residents who wanted to responsibly dispose of bulky items.

In response, the Leader explained that Croydon had been one of a few authorities providing its bulky waste service free of charge. However, tough decisions were needed and whilst there was a desire to continue to provide the service without a charge there was a need to look to the public to contribute to the service and to continue to act responsibly.

The Leader deferred to Councillor Collins, the Cabinet Member for Clean, Green Croydon who described how there was no choice but to start charging for the bulky waste service. The previous Conservative Administration had levied a charge for the service. It was acknowledged it would not be possible to provide a concession for vulnerable users. Rather, it was hoped that it would be possible to encourage residents to take responsibility so when purchasing a new item they would look for companies that would collect and dispose of old items whilst delivering the new. It had been an experiment to see if offering the bulky waste service free of charge would reduce fly-tipping. Councillor Collins called on the Opposition to support the Administration's request to Government for a campaign to address fly-tipping including offering incentives to businesses to remove goods being replaced.

In his supplementary question, Councillor Parker stressed that no concessions would be offered to users of the bulky waste service. The Leader was asked to envisage the situation of a single parent who could not afford to dispose of a broken fridge. In response, the Leader expressed his hope that there would always be support for exceptional cases and that the Council would look at how it could act in such circumstances. The Leader noted that Councillor Collins had an exceptional record of offering personal help.

Councillor Collins described how officers were developing imaginative solutions and that it was hoped to open a reuse shop. This would allow for some items to be repaired and others to be recycled. Councillor Collins highlighted that the Opposition had not made concessions when it charged for the bulky waste service and that it was a shame it had not asked itself the same question.

Councillor Muhammad Ali asked the Leader to confirm commitment to the sustainability agenda and carbon neutrality.

In response, the Leader reminded Members of Council how Croydon had launched its Climate Crisis Commission before the first wave of Covid and that this was being reinvigorated following the lifting of lockdown. Whilst Croydon was one of over one hundred Councils that had declared a climate emergency it was the only one to have launched a Commission. Despite the challenges caused by the Council's financial situation and Covid, it was important these were brought together whilst taking responsibility for the environment to produce a sustainable budget and services. The aspiration was to ensure that Croydon was as well placed as possible to take advantage of green jobs when the pandemic came to an end.

Councillor Bird described how residents were having their care packages reduced due to the ineptitude of the Leader who always sought to blame others. The Leader was described as not caring and that he had hit the low point of disadvantaging the sick and vulnerable.

In response, the Leader described how care packages were being looked at to ensure that the most sick and vulnerable would not experience any detriment. It had been ensured that Croydon's 140 care homes had received support that was second to none throughout the pandemic.

The Leader deferred to Councillor Campbell who expressed her thanks to social care staff for their outstanding work, stating that they deserved Council's gratitude. It was explained that the reduction in the service offered was being focused on shopping and cleaning with the Council working closely with voluntary partners to address the reduction.

Councillor Bird used her supplementary question to accuse the Leader of taking no responsibility and stating that he just needed to resign. In response, the Leader stressed that he was taking responsibility for the tough decisions, the decisions that it would be easy to abdicate when things were not going well. The Leader stressed that no service reductions would be made through choice but that he was taking responsibility and acting. The Opposition was playing obvious political games when the support of all was needed for Croydon to play its strongest hand.

Councillor Prince asked the Leader about the support being offered to the hospitality industry and raised concerns about the impact of the 10pm curfew.

The Leader deferred to Councillor Shahul-Hameed who highlighted the costs incurred by the hospitality industry in making premises Covid-safe only to have their ability to generate an income impacted by the 10pm curfew. Many had contacted the Council to gain further support. The Council had made requests to Government with information being provided to businesses and

SME (small to medium enterprise) outreach being put in place. Grant schemes were being explored including European funding for SMEs.

Councillor Chatterjee asked the Leader about the impact on the faith and community sectors of the budget amendment.

In response, the Leader acknowledged the contribution made to the borough by both the faith and community sectors, including during the first wave of the pandemic.

The Leader deferred to Councillor Hamida Ali who reinforced how support was being provided by the voluntary sector, how the Council's investment in the sector was being maintained and how the Council would continue working with the voluntary sector as partners in the future.

In his supplementary question, Councillor Chatterjee asked the Leader to clarify the reference in the budget amendment to the use of £2.2m of funding from CIL and £400k from the General Fund for the benefit of the voluntary sector. In response, Councillor Hamida Ali clarified that it was planned to continue the new funding agreement made through the community fund at the start 2020/21. Councillor Hall also emphasised that it was planned to use a meaningful proportion of CIL funding so that voluntary sector partners were not impacted by the immediate financial issues.

Councillor Fraser asked Councillor Hall about the innovative work being undertaken with the local NHS to develop joint working and how this was helping address the financial situation.

In response, Councillor Hall acknowledged the ground breaking work behind establishing the One Croydon Alliance. Working so closely with the NHS was allowing a substantial income to be gained which was being used to strengthen the budget. Joint working was also providing savings for the NHS and giving better outcomes for residents.

Councillor Hall deferred to Councillor Campbell who described how the Council and the local NHS had worked hard to have a strong, unified relationship. Whilst this had been affected by Covid, there was growing synergy between health and care with more innovation being discussed. Ideas would be brought to the table with the Health and Wellbeing Board helping to cement the relationship.

Councillor Neal asked the Leader to clearly state that parking charges would not be increased to cover the budget shortfalls and his mismanagement of the budget.

In response, Councillor Newman described how much had been done to tackle emissions including around schools. It was not planned to increase emission based parking charges beyond what was being proposed in the budget amendment for considered at the meeting.

The Leader deferred to Councillor King, the Cabinet Member for Environment, Transport and Regeneration (Job-Share) who described how there were two elements being used to determine the level of parking charges. One involved linking emissions to pay and display charges. This was a decision taken in March 2019, well before Covid. The second was part of a regular review of charges. Councillor King highlighted that it was important to be clear that the charges were part of the Council's traffic management measures.

Scrutiny

With an end to the time available to ask the Leader and Councillor Hall questions, Madam Mayor invited Councillor Fitzsimons to comment on recent budget scrutiny in his capacity as Chair of the Scrutiny and Overview Committee.

Councillor Fitzsimons welcomed the opportunity to contribute to Council's consideration of the Renewal Plan and the budget amendment. It was described how it was a humbling admission that the Council's finances were not sufficiently robust to be able to deal with unrealised cost savings and the additional costs arising from Covid. It was described how Scrutiny would be holding the Administration to account on a cross-party basis. It had already called-in the finance report made to Cabinet in July 2020 for further scrutiny on the basis that it had not been sufficiently robust and was not being delivered with enough pace. The outcome of the meeting had endorsed the view that more action was needed.

Scrutiny had been concerned about the budget setting process for several years but had not been able to achieve the aspiration to subject this to review. It was evident that department budgets would have to reduce by at least 10% and the MTFS would need to be developed to be longer term and sustainable. Scrutiny had a role in ensuring the voice of residents was heard and in achieving a proper debate on the development of the budget. Whilst it was not the role of scrutiny to oppose all cuts it did have a role to play in ensuring the right decisions were taken. The review of the Capital Programme and of the approach being taken to Brick By Brick was welcomed. It was noted that whilst there had been much comment about the Council borrowing too much, both political groups had borrowed during their Administrations. Councillor Fitzsimons detailed how under the Conservative Administration between 2006 and 2014 borrowing had increased from £176m to £826m. Whilst the costs of borrowing were acknowledged this had been undertaken by the Administration to tackle the housing crisis. In conclusions, Councillor Fitzsimons committed scrutiny to an in-depth review of the in-year budget, including the MTFS along with the budget setting process. This would achieve greater transparency and allow the voices of service users to be heard.

Madam Mayor invited the Leader to move the motion in favour of the recommendations. The Leader highlighted that what mattered was taking responsibility and putting the budget onto a sustainable footing. It was

described how budget pressures in-year were a result of Covid and that this meant having difficult discussions and making difficult decisions about what services the Council would continue to provide and how this would happen. It also meant that partnerships including with the NHS and the voluntary sector were more important than ever. The Leader described a smaller Council operation based on a smaller funding envelop. This would be focused on continuing to provide public services for those that needed them most at a time when Croydon was potentially facing a second wave of the pandemic. Value for money would be at the heart of the approach to be taken. The £27.9m of savings already identified were a significant first step and would lead into the negotiation of a capitalisation directive. The Leader acknowledged that the work of the Interim Chief Executive Officer, supported by the FRP and LGA, was giving reason for cautious optimism. It was hoped that there would be a return to a cross-party approach to campaigning for fair funding for Croydon. Councillor Perry, as the new Leader of the Opposition, was called on to support a cross-party approach to MHCLG. The Leader described how responsibility had been taken for the budget but that pace had been lost over the summer. Whilst this had meant time had been lost, having additional time would not have removed any of the headline pressures on the budget. Services were needed by more and more residents. The Leader was taking responsibility for making tough decisions in the public interest. All Councillors were urged to support the recommendations coming forward.

Councillor Hall seconded the motion and reserved the right to speak.

Councillor Jason Cummings praised the staff who had developed the budget amendment. It was explained that the Opposition had voted in support of the budget previously because some responsible suggestions had been proposed. However, the Administration did not actually deliver what it had proposed. The belated addition of £5m to the reserves was too little too late. It was agreed that Croydon had not always had fair funding but it was stressed that this should not be used as an excuse. It was described as sad that Croydon had been brought to its knees and that things did not need to have got this bad. Croydon was acknowledged as the worst council in the whole of the country despite there having been a budget surplus available when the current Administration took over. It was described how the Labour Administration had set aside the budget surplus for its political aims and priorities when this could have been added to reserves. This was the choice that the Administration had made along with deciding in 2014 to go on a spending spree. When in Opposition, Councillor Hall had complained about the Council having too much borrowing. However, since Councillor Hall had become the Cabinet Member for Finance and Resources, the Council's borrowing had increased by £15K an hour. Councillor Hall was described as playing fast and loose, making dubious investments and asset stripping the Council to fund Brick By Brick. This was not prudent and it was realised this could not continue. It would be key for MHCLG to consider that more and more savings had been proposed, but these had not been met. Councillor Jason Cummings noted that capitalisation had already been happening in order to balance the budget.

It was described how the Administration's requisition for an Extraordinary Council Meeting had been withdrawal at the last minute because the Administration did not want MHCLG hearing it blaming the budget situation on the impact of Government funding cuts and denying its own responsibility. It was highlighted that drastic action was needed. It was questioned if it was possible to trust those who had caused the current situation to then get the Council out of its financial predicament. This might have been possible if the Leader and Councillor Hall had apologised and accepted the need to make changes but they refused to accept responsibility even though the auditors were expressing concerns about £8m of last year's accounts. The Opposition would therefore not support the Renewal Plan or the budget amendment. This was not about the content of either but about having no confidence in the Council's leadership especially at a time of such a challenging budget.

Councillor Butler described how Covid had taken loved ones and had devastated many families. Covid had also had a financial impact on families, the NHS, transport, businesses and governments across the world. Local councils were paying out millions extra to protect the most vulnerable because of Covid. It was highlighted that the Government was also achieving less tax income and was having to borrow more because of Covid. The choices were clear; cut services, raise more money or borrow more. These were difficult decisions making it more important than ever to remember the Council's values – to do its best for residents and that all needed to be heard. Councillor Butler stressed that one of the greatest inequalities faced by residents was between those who did and those who did not have a home. Complying with lockdown was easy when you had a home, but too often individuals were invisible when they did not have somewhere to live. Councillor Butler remained committed to keeping homes safe and raising the number of affordable homes. The ongoing effects of austerity were noted along with the commitment to protecting frontline services as much as was possible.

Councillor Hopley expressed deep concern about the budget and the proposed amendments; the stability of the budget and the incompetence shown were worrying. The advice of respected staff members had been ignored. As had been said by the Director of Finance, Investment & Risk, it was not possible to spend money that the Council did not have. Councillor Hopley linked the departures of both the previous Section 151 and Chief Executive Officers to the budget situation. The Leader was described as taking no responsibility and that he had driven the ship of the Council into the ground whilst he tried to save himself. Councillor Hall had acted as a property mogul rather than focusing on care packages or the wages of carers. Councillor Hopley described how she was being contacted by residents including one who could no longer keep her pet because of the cuts. The situation was devastating for vulnerable and disabled residents. It was noted that the One Croydon Alliance had initially been proposed by the Conservative Group and that the Opposition would continue to offer it support whilst there were financial benefits in joint working. Councillor Hopley highlighted that numerous warnings had been given about the Council's financial situation but that these had been ignored. Support could not be given

for the Renewal Plan or the budget amendment whilst the Leader and Councillor Hall remained in their posts.

Councillor Campbell described how social care was a lifeline like the NHS, but that funding for Adult Social Care had been under pressure for several years. Whilst new funding arrangements had been promised by the Government in 2014 this had not come forward. Funding was being held together with sticking plasters and being resourced from the Adult Social Care precept and a variety of grants. Therefore it was clear that demand had increased whilst funding had not to which Covid was then added. It was clear that this situation could not continue. Councillor Campbell acknowledged her responsibility as Cabinet Member to help reshape the service. It was highlighted that lots had been learnt about the benefits of joined-up services and providing a targeted offer. These were the principles that would be used to guide the Council to live within its means and deliver services that were less complex and easier to understand. There would be investment and work with voluntary sector partners, with services being joined together. Councillor Campbell commended social workers; as many as possible would be encouraged to get involved in reshaping savings. Whilst the Council did not have the funding to do everything, it would be using this wisely to build on strengths and offer personalised control of services. Councillor Campbell expressed her agreement to the Renewal Plan and the budget amendment which were described as the first stage in renewing the offer.

Councillor Streeter described a desperate situation with Government offering the only hope. It was tragic that spending cuts were falling like a sledge hammer rather than being carefully managed. These would therefore hurt the most vulnerable. It was highlighted that the General Purposes and Audit Committee had received a warning from the Council's auditors a year ago, but there were three reasons why this had not resulted in action. Firstly, the Administration had been looking for someone else to blame. This had been placed at the door of Government despite the legacy of debt that had been left by the Labour Party when it had been in power. It was described how the local Conservative Administration had delivered a balanced budget for three years and a surplus in its final year when it was last in power. Secondly, the Administration had blamed external circumstances despite these being the same as were being dealt with by the whole of London. However, Croydon was the only council in London to have incurred debts of £1.5bn. Finally, it was not possible to be trusted to fix a problem where there was no admission to having caused the problem in the first place. There was the need for an admission and an apology.

Councillor Hall described that the Council was experiencing unprecedented times and that these needed an unprecedented response. Members of Council were reminded of the impact of 10 years of austerity, an unfair funding formula, UASC, and Government not fully funding the Council's Covid response. Councillor Hall noted his sadness that there was no recognition of what had been achieved including the expansion of school provision, hundreds of extra homes, the Legacy Youth Zone, an award winning Gateway service and the partnership with the NHS. Of the £53m budget gap, £42m

was directly related to Covid. In-year savings of £28m had already been identified which was an incredible piece of work. The commitment had been made to undertake a review of group structures. This was the correct thing to do given Covid had changed the reality in which the Council was operating. This was demonstrated by the Institute of Fiscal Studies reporting that Covid would result in an additional £3.2bn of increased social care costs. Borrowing was not for vanity projects. Rather the increase had resulted from unwinding previous financial arrangements and investing to generate more income than costs. All the Council's assets were being used to generate income. In-year overspends reflected that there had not been sufficient budget growth allowed. Councillor Hall recalled the impact of austerity when a third of the youth budget been withdrawn by the Conservative Administration. Members of Council had the choice at the meeting to approve the Renewal Plan and the budget amendment or to let decision-making be taken out of its hands. Councillor Hall called for the recommendations to be approved for the sake of residents.

Councillor Streeter raised a point of order regarding the use of inappropriate language in the chat function offered as part of the remote meeting facility. Madam Mayor asked those directly named in any such comment to raise this directly and acknowledged the point made.

Before proceeding to the vote on the Croydon Renewal Plan and amendments to the 2020/21 General Fund Budget, Madam Mayor noted that she had received a request from 11 Members of Council that a poll vote be taken on these recommendations. Councillors Newman, Butler, Collins, Hall, Hamida Ali, Flemming, Scott, King Shahul-Hameed, Campbell and Fraser confirm their request.

A poll vote was conducted by the Head of Democratic Services & Scrutiny with 40 Members voting for and 28 against.

Members voting in favour of the Croydon Renewal Plan and the amendments to the 2020/21 General Fund Budget were: Councillors Ali, Muhammad Ali, Audsley, Avis, Ben-Hassel, Butler, Campbell, Chowdhury, Clark, Clouder, Collins, Croos, Patsy Cummings, Degrad, Fitzpatrick, Fitzsimons, Flemming, Flynn, Fraser, Hall, Hay-Justice, Henson, Jewitt, Kabir, Bernadette Khan, Shafi Khan, King, Letts, Lewis, Mann, Newman, Pelling, Prince, Ryan, Scott, Shahul-Hameed, Skipper, Wood, Woodley and Young.

Member voting against the Croydon Renewal Plan and the amendments to the 2020/21 General Fund Budget were: Councillors Bains, Bennett, Bird, Brew, Buttinger, Chatterjee, Clancy, Creatura, Jason Cummings, Gatland, Hale, Hoar, Hollands, Hopley, Millson, Mohan, Neal, O'Connell, Ovi, Parker, Perry, Helen Pollard, Tim Pollard, Redfern, Roche, Stranack, Streeter and Ward.

There were no abstentions. Madam Mayor noted that the recommendations were agreed:

1. Noted the latest forecast revenue budget overspend of £50.3m detailed in section 3 of appendix 1.
2. Approved the savings options of £27.9m listed in section 5 of appendix 1 to reduce the forecast overspend this year and amend the 2020/21 budget to include the additional in-year savings.
3. Agreed that a formal approach is made to the Ministry of Housing, Communities and Local Government to seek a capitalisation direction to enable the 2020/21 budget to be balanced.
4. Agreed to the development of Croydon's Renewal Plan, to deliver a sustainable balanced budget over the medium term, and to provide an update to Full Council in November 2020.
5. Noted the in-year review of the Capital Programme and agree that a review of the future Capital programme be undertaken and to provide an update to Full Council in November 2020.
6. Agreed that a strategic review of the Council's group of companies and entities be undertaken and to delegate to the Executive Director of Place the scope and terms of that review, and to provide an update to Council in November 2020.

Madam Mayor put the recommendation in the Financial Performance Report for Quarter 1 related to the Capital Programme to the vote. The recommendation was carried unanimously:

1. Approve the revised capital programme as detailed in section 9 and table 8 of Appendix 2, including the slippage from 2019/20, which reflects a substantial reduction in the original capital budget for 2020/21.

117/20 **Matter for Consideration by Council**

Madam Mayor informed Council that a requisition signed by five Members of Council had been received and that she had agreed that an Extraordinary Meeting of the Council could be held.

Madam Mayor read the requisition:

"This Council has no confidence in Councillor Tony Newman and Councillor Simon Hall and calls for their immediate resignation."

Madam Mayor invited Councillor Perry to propose the motion.

Councillor Perry explained that there was no confidence in the Leader and Councillor Hall. They had brought Croydon to the brink of bankruptcy and needed to be removed before they did more damage. It was described how they had sought to deflect and blame others. In fact, the Administration's own motion doing exactly that had been withdrawn at the last minute from the agenda for the meeting. The Leader and Councillor Hall had doubled Council debt which stood at £1.5bn and had increased by £15K for every hour they had been in charge. Their only solution to this situation was to borrow even more money.

It was highlighted that all Councils had faced the same pressures and impact from Covid, but that it was Croydon that had been found wanting and residents would be paying for years to come. Councillor Perry questioned why so much borrowing had happened, describing how this had been used for a spending spree to buy failing assets rather putting money into the Council's reserves that might have allowed the storm of Covid to be weathered.

Money had been loaned to Brick By Brick which was described as a loss making company that had failed to deliver social housing and was not making interest payments to the Council. Whilst Brick By Brick had claimed to have made a profit no accounts had been published allowing this to be verified. Brick By Brick was being funded by the Council to build on the borough's valuable green spaces which were being sold for a little as £1. Intensification was reducing space in Croydon and making it a developers' paradise. This was at a time when green spaces were needed for health and wellbeing. This was in addition to the impact of the reduction of green spaces on the environment at a time when the Leader had made a commitment to the climate change agenda.

Croydon was described as being in decline and being brought down by the Leader and Councillor Hall. Fly-tipping had increased, recycling rates had stalled, streets were dirty with ingrained mess and businesses, at a time of extra challenge, were facing having to encourage shopping in decay. The Labour Administration had seen the loss of inward investment and business rate revenues. It would be very different if the opportunities had not been squandered. Councillor Perry stated that the Leader and Councillor Hall needed to be removed from office as they could not be trusted to deliver. Their mismanagement could not be tolerated any longer. Councillor Perry stated that Croydon deserved better and called for support from across the parties for the motion.

Councillor Hale seconded the motion and reserved the right to speak.

Councillor Fitzpatrick rejected Councillor Perry's misrepresentations. Many years ago Croydon had been banded with other outer London boroughs leading to a legacy of underfunding with subsequent Administrations labouring under this disadvantage. As a result Croydon had been asking for fair funding and for realistic funding for UASC. Under the Conservative Administration of Councillor Fisher a campaign had been launched for a fair funding deal for the borough. This had been stating the truth about Croydon's difficult financial

circumstances. Then the crash had happened, leading to austerity with local government having borne the brunt of Government cuts. Austerity had been piled on top of the inadequate funding base. Economic and demographic factors had added further pressures as populations had been priced out of central London adding to demand in Croydon. Councillor Fitzpatrick noted that the sensible investments made by the Administration had not been opposed by the Conservative Group when they had been proposed. The Government had said that local government would not be out of pocket because of Covid, but this promise had not been kept. Councillor Fitzpatrick argued that the Leader and Councillor Hall had acted in good faith in difficult circumstances. The motion was the politics of the new leadership of the Opposition. Councillor Fitzpatrick rejected the motion.

Councillor Flemming described how the Council was experiencing unprecedented times. Those who had suffered or who had been lost because of Covid were held in thoughts and prayers. At a time when the Council was facing a possible second wave of Covid it was essential to pass the Renewal Plan and budget amendment with the funding reduction meaning that new ways of delivering services had to be found. It was noted that the requests to Government for fair funding had not been met, but that despite this great things had been delivered including the partnership with the South Bank University. The Legacy Youth Zone was celebrating its first birthday and had been shown to generate £5 of impact for every £1 of investment. When the budget had been set in March 2020, it had not been possible to foresee the impact Covid would have on the Council's finances. It was noted that there had been cross-party agreement of the budget when it was passed in March 2020. Councillor Flemming described how she had come into public service to support the vulnerable. The delivery of priority services was therefore key. The call was made to put residents first and deliver at pace and with precision.

Councillor Redfern described the dire financial situation and that the Leader and Councillor Hall had shown no contrition and offered no apology; they were taking no responsibility when it was no one else's fault but theirs. It was therefore questioned if there was confidence in them to get the Council out of its predicament. It was noted that borrowing had increased by £15k for every hour of the Leader and Councillor Hall's tenure. The purchase of the Croydon Park Hotel was questioned when it was always known this had financial difficulties. Equally, the Colonnades shopping mall had been purchased at a time when the retail sector was already in difficulty. Members of Council were reminded of the £42m overspend incurred during the refurbishment of Fairfield Hall. This had happened because the work had been given to Brick by Brick which had no relevant experience. The result was a venue that did not have the physical access to allow bigger and higher earning productions to be staged. The Administration was known only to look at the best case scenario when undertaking its due diligence and financial modelling. With General Reserves only equating to 10 days of expenditure the question was where would cuts fall? It was already being reported that Children's Services would be subject to cuts valued at over £1m including a review of the safeguarding function. Adult Social Care was scheduled to receive £500K of

cuts. Additionally, libraries would not be opening and environmental services were being lost. In summary, key services were being lost to clear-up the mess caused by the Leader and Councillor Hall.

Councillor Clark noted that Croydon's residents had the chance to elect the Conservative Group in 2014, 2018 and at by-elections since, but that this did not happen. The Opposition had also supported the budget in March 2020. This had been set with the aim of increasing reserves but this had been derailed by Covid. Whilst the Government had promised to fund local government to do whatever it took to fund the Covid response, this had not happened. The resulting budget gap should not be used for political gain. Members of Council needed to come together to do all that was possible to protect the most vulnerable. This was the priority for the weeks and months ahead and therefore Councillor Clark opposed the motion.

Councillor Hale stressed that residents should be able to trust the decisions made by the Leader and Councillor Hall. However, this trust had been shattered by their appalling decisions that had brought Croydon to its knees. It was described how the Council now faced the humiliation of asking the Government for a bailout. Debt of £1.5bn meant borrowing had increased by £15K for every hour the Leader and Councillor Hall had been in control. This level of borrowing was the highest of any London borough with MHCLG having described Croydon as having the worst run finances of all local authorities, putting jobs and services at risks. However, despite this becoming apparent, funding for Brick By Brick continued with it concreting over greenspaces. The sum paid to the previous Chief Executive was noted along with the unwillingness to answer the Opposition's questions on financial matters at Cabinet meetings. The petition signed by 17,000 residents calling for a referendum on a directly elected Mayor, demonstrated the lack of trust in the Council's leaders. It was the duty of all Councillors to do best for the residents of Croydon – they were their servants and stewards of the Council's resources. Councillor Hale acknowledged that she could not accept the leadership of those who refused to accept their responsibility or apologise. The Leader and Councillor Hall were called on to step down.

Before proceeding to the vote on the motion, Madam Mayor noted that she had received a request from 11 Members of Council that a poll vote be taken on these recommendations. Councillors Perry, Jason Cummings, Hale, Creatura, Streeter, Redfern, Gatland, Stranack, Hoar, Ward and Roche. Madam Mayor confirmed their request.

A poll vote was conducted by the Head of Democratic Services & Scrutiny with 28 Members voting for and 40 against.

Members voting in favour of the motion were: Councillors Bains, Bennett, Bird, Brew, Buttinger, Chatterjee, Clancy, Creatura, Jason Cummings, Gatland, Hale, Hoar, Hollands, Hopley, Millson, Mohan, Neal, O'Connell, Ovir, Parker, Perry, Helen Pollard, Tim Pollard, Redfern, Roche, Stranack, Streeter and Ward.

Member voting against the motion were: Councillors Ali, Muhammad Ali, Audsley, Avis, Ben-Hassel, Butler, Campbell, Chowdhury, Clark, Clouder, Collins, Croos, Patsy Cummings, Degrad, Fitzpatrick, Fitzsimons, Flemming, Flynn, Fraser, Hall, Hay-Justice, Henson, Jewitt, Kabir, Bernadette Khan, Shafi Khan, King, Letts, Lewis, Mann, Newman, Pelling, Prince, Ryan, Scott, Shahul-Hameed, Skipper, Wood, Woodley and Young.

There were no abstentions. Madam Mayor noted that the motion had fallen

118/20 **Matter for Consideration by Council**

This item was withdrawn.

119/20 **Exclusion of the Press and Public**

This item was not required.

The meeting ended at 9.31 pm

Signed:

Date:

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