

## **Council**

Meeting held on Wednesday, 16 December 2020 at 6.30 pm. This meeting was held remotely.

### **MINUTES**

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

**Apologies:** Councillor Maria Gatland, Steve Hollands and Bernadette Khan

### **PART A**

150/20 **Disclosure of Interests**

There were none.

151/20 **Urgent Business (if any)**

There were no items of urgent business.

152/20 **Section 114 Report**

Madam Mayor explained that members of the Council were required to consider the Chief Finance Officer's S114 report published on 2 December 2020. The meeting was being held in accordance with S114(3) of the Local Government Finance Act 1988, which states that the Section 114 report must be considered by members at a meeting of the Council within 21 days of the report being issued. It was a further requirement that the Council must decide whether it agreed or disagreed with the views expressed in the report and if it proposed any actions to take as a consequence of it. She thanked both Group

Whips for reaching a cross-party agreement on the process that would be considered at the meeting. Council were then informed regarding the format for the meeting.

Lisa Taylor, Director of Finance, Investment and Risk and S151 Officer then provided a presentation to Council which detailed the response to the S114 notice issued on 2 December 2020.

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

Councillor Jason Cummings asked why the projected borrowing requirement had moved by £16m from £134m to £150m during the last two weeks.

The Director of Finance, Investment and Risk and S151 Officer, responded that the council continued to undertake due diligence to ensure that all options previously put forward for savings and growth were properly worked through. A number of those had changed as officers moved through the process and had been able to verify those numbers. Also, the council continued to work with colleagues in the LGA and support from Camden Council Children Services about making sure that options being put forward are deliverable as the council moved into the next three years.

In his supplementary question, Councillor Jason Cummings asked how the Council could be confident that the figure submitted to the Ministry of Housing, Communities and Local Government (MHCLG) of £150m was the correct figure where the borrowing was to be top-out if it had moved from £16m in the last two weeks without there being any significant cause. In response, the Director of Finance, Investment and Risk and S151 Officer stated that Councillors were previously advised that the figure of £150m may change but, if this occurred, it would need to be managed by the Council. A decision had been made regarding what sum should be requested by the council. However, due diligence pertaining to the budget would continue to be undertaken by officers. The budget would be presented to both Cabinet and Council at the beginning of 2021. The Council believed that £150m was a reasonable target based on the due diligence undertaken.

Councillor Robert Ward asked if the management accounts requested by the council in 2017 had been provided by Brick by Brick.

In response, the Director of Finance, Investment and Risk and S151 Officer, confirmed that management accounts from Brick by Brick had been received but not in accordance with the agreement, despite being chased on numerous occasions by the council to obtain those accounts.

In his supplementary question, Councillor Ward asked who had been made aware of the breach made by Brick by Brick. Had Councillors Hall, Butler and Newman been made aware. In response, the Director of Finance, Investment and Risk and S151 Officer confirmed that as the letter sent to Brick by Brick in

2017 was prior to her role as S151 Officer, she was unable to comment. Councillor Hall, later responded that he had never been shown a facilities agreement nor had been made aware of any breaches.

Councillor Joy Prince asked when officers expect to hear from Grant Thornton regarding the transformation funding in the 2019-2020 accounts. What would happen if the £5.6m allocated for transformation funding that year was not accepted.

The Director of Finance, Investment and Risk and S151 Officer responded that auditors were currently working through the accounts for 2019/2020 and regular catch-up meetings occurred to obtain updates. Officers expected to be informed in early 2021 as to whether they allowed that element that had been accounted for by the council. auditors would then continue to finalise the rest of the accounts. If auditors identified that the transformation funding was not allowed, the Council would reverse the funding and change it to the General Reserves and arrange for the money to be put back into capital receipts.

Councillor Patricia Hayes-Justice asked what proportion of the £70m saving in the Medium Term Financial plan period was cost reductions and efficiencies. What proportion was related to additional income from fees and charges.

In response, the Director of Finance, Investment and Risk and S151 Officer stated that the savings identified in the budget for the Medium Term Financial Strategy department savings was £81m over the next three years. Officers proposed to provide an update on the breakdown between efficiencies and income in due course.

In her supplementary question, Councillor Patricia Hayes-Justice asked could fellow councillors be assured that the judgements outlined in the report were robust as they could be. In response, the Director of Finance, Investment and Risk and S151 Officer stated that judgements were not considered to be accurate but officers had undertaken considerable work pertaining to the budget process and setting of the budget for the next three years. Although due diligence had been carried out, it was important that officers across the council provided updates to the Finance team pertaining to their service areas.

Councillor Vidhi Mohan asked about the operation assets valued at £147.9m listed for disposal and requested examples of assets the council proposed to dispose. Also, would a list of those disposal assets be published by the Council.

In response, the Director of Finance, Investment and Risk and S151 Officer confirmed the question referred to the S114 notice issued on 2 December 2020 and could only respond to questions from this S114 report. However, a report regarding assets would be brought back to a later Council meeting in the New Year.

Councillor Humayun Kabir asked what were the new financial challenges that were likely to occur as a result of Tier 3.

In response, the Director of Finance, Investment and Risk and S151 Officer confirmed that potential challenges such as closure of businesses, risk to business rates and Council Tax collections could result. Also, risk around parking income due to less travelling as a result of being in Tier 3. Although the council received some Government funding regarding Covid-19, there was a need to monitor developments over the next few months.

Councillor Simon Brew noted that £7m out of £22m had been refused by the spending panel. He asked could the Monitoring Officer provide two or three examples of things that had been refused.

In response, the Director of Finance, Investment and Risk and S151 Officer stated that essential expenditure requests regarding staffing, agency staff, contract extensions, training, suppliers and services requests had been refused. Also, staff had also been advised to review items, such as equipment before submitting a purchase.

In his supplementary question, Councillor Brew asked what was the largest proportion of savings that had been achieved. In response, the Director of Finance, Investment and Risk and S151 Officer confirmed that staffing was the largest saving that had been achieved.

Councillor Clive Fraser asked was the £7m refused by the spending panel additional expenditure that had occurred or actual savings for the budget.

In response, the Director of Finance, Investment and Risk and S151 Officer confirmed that it was a mixture of both additional and actual savings.

In his supplementary question, Councillor Clive Fraser asked what savings had been achieved. The Director of Finance, Investment and Risk and S151 Officer confirmed it was too early to forecast whether any savings had been achieved but additional data would be available within the next few weeks.

Councillor Richard Chatterjee asked as the £5.6m transformation funding for 2019-20 had been identified as a risk, why had it been incorporated into the accounts.

In response, the Director of Finance, Investment and Risk and S151 Officer confirmed that a subjective decision had been taken by officers to include transformation funding into the budget but this was subject to challenge by auditors.

In his supplementary question, Councillor Richard Chatterjee asked when the Youth Transformation funding was due to be published. The Director of Finance, Investment and Risk and S151 Officer responded that a strategy for the Youth Transformation funding would be incorporated into the budget setting process for January/February 2021.

Councillor Clive Fraser noted that £60,000 had been saved in relation to Members Allowances. How significant are small savings within the budget.

The Director of Finance, Investment and Risk and S151 Officer stated that all savings were considered important. It was vital that issues continue to be challenged to achieve savings for the organisation.

Councillor Jason Cummings said that the shift in forecast outturn that occurred between September 2020 and month 6 had reduced to £5.3m of corporate items that was part of transformation funding. This could no longer be funded due to capital receipts being less than originally envisaged. What caused the drop in capital receipts that were expected.

The Director of Finance, Investment and Risk and S151 Officer confirmed that although a drop in capital receipts had been expected, officers predicted that it may not be received.

In his supplementary question Councillor Jason Cummings asked what those capital receipts were for. The Director of Finance, Investment and Risk and S151 Officer responded that she would provide further details to Councillor Jason Cummings separately.

Councillor Andy Stranack asked for clarification when the next S114 notice would be issued.

In response, the Director of Finance, Investment and Risk and S151 Officer confirmed legislation states that the S114 notice must be issued the next day following this Extraordinary Council meeting. However, the Chartered Institute of Public Finance and Accountancy (CIPFA) wished to speak to officers at the council before the S114 could be issued.

In his supplementary question Councillor Andy Stranack asked when would the next emergency Council meeting take place. The Director of Finance, Investment and Risk and S151 Officer responded that the next meeting should be held no later than 21 days following this meeting.

Councillor Vidhi Mohan asked whether the S151 Officer could confirm how much interest the council would be required to pay on a yearly basis as a result of the £66m borrowing this year.

In response, the Director of Finance, Investment and Risk and S151 Officer confirmed that £70m had been requested by the council to MHCLG as a result of the predicted £66m overspend. Interest was expected to be paid in 2021/22 and the interest and capital together borrowing amount to £5m.

Madam Mayor thanked the S151 Officer for answering questions and her hard work in supporting the council through its financial challenge.

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

Councillor Jason Perry asked Cllr Hamida Ali that the Administration had submitted a bale out claim of £100m to the Government but details of that bid had not been made available to the Conservative Group. The Cabinet papers were only issued 1.30 pm on Monday afternoon. This was yet another huge amount of borrowing that Croydon residents would be paying for decades to come. Did Councillor Ali find it regrettable that, along with her mentor Councillor Newman, only two questions of challenge with the Conservative Group occurred at the Cabinet meeting on Monday.

In response, Councillor Hamida Ali explained that the standing Opposition Group were briefed on Monday lunch-time with submissions made yesterday. Considerable work had been carried out and final details were only submitted yesterday that led to the Cabinet paper being published late and she apologised for this. As Cabinet was an Executive meeting, Cabinet members wished to comment, as they were entitled to, considering the importance of the item. At the Cabinet meeting, Opposition Members that wished to speak were invited to do so.

In his supplementary question, Councillor Jason Perry expressed his disappointment that Councillor Hamida Ali did not regret refusing questions for borrowing £150m, despite a debt of £1.5b that existed. Although most of the Administration had been Cabinet Members for a considerable time, the Council had been subject to many investigations and the LGA failed to expel Councillors Newman, Hall and Butler from the Administration. Therefore, how could the Opposition and residents trust the Cabinet to deliver the much needed change Croydon desperately needed if Cabinet failed to answer relevant questions.

Councillor Hamida Ali disputed the statement made by Councillor Jason Perry. Three meetings had been held on 19 November, 1 December and tonight. The Leader and Cabinet answered every question posed by the Opposition at the Cabinet meeting which lasted for three hours. She also attended the Scrutiny meeting on 17 November and would attend the meeting on 21 December to answer questions. It was inaccurate to claim that she and this new Administration had not answered any questions.

Councillor Jamie Audsley asked Councillor Stuart King what are the values, political priorities and practical criteria that he would be bringing to either cost reductions or additional income-raising to meet that gap over the Medium Long Term Strategy.

In response, Councillor Stuart King explained that three priorities had been set out by the Leader and new Administration in the Croydon Renewal Plan. These were that the Council would seek to live within its means, balance the books and provide value for money for residents. The Council intended to deliver the best quality core services within its affordability envelope to tackle

inequality and poverty within the borough. A submission was made to the MHCLG by the Leader and Chief Executive yesterday.

In his supplementary question, Councillor Jamie Audsley asked whether he believed the council would respond to the findings released regarding the rising inequality in air pollution that resulted in the death of Ella Kissi-Debrah. Also, the inequality issues faced by residents for years ahead.

In response, Councillor Stuart King stated that the recent changes to parking charges occurred as a result of the council's parking policy and not financial challenges. He was pleased that the parking policy was agreed by Cabinet at its meeting. He recognised the considerable impact on transport, in particular, that parking had on air pollution. As a consequence, it was important the Council continued to deliver on this. The sad case cited showed the impact faced by residents, in particular, the poor and disadvantaged residents that existed in Croydon. It was noted that around 200 deaths a year were attributed to air quality and pollution.

Councillor Lynn Hale asked Councillor Hamida Ali that the December publication of the 'Thornton Heath Chronicle' featured an article with Steve Reed MP, that claimed he had been misled in Council briefings regarding the Council's budget as he believed that the council was operating within budget. Steve Reed was not only the Croydon North MP but was also the Shadow Secretary of State for Communities and Local Government. Therefore did she not find it shocking.

In response, Councillor Hamida Ali, stated that since her appointment as Leader, it was clear in response to the external auditor's report and in all conversations, the Administration's acknowledgement of the financial issues the council faced. Every effort had been made on addressing the council's financial situation.

In her supplementary Councillor Lynn Hale stated that Mr Reed asked about the departmental overspends and was advised they had been reined in, which appeared to be untrue. It appeared that Opposition councillors had been given incorrect information but to mislead an MP was extraordinary. Could Councillor Ali advise who would have been present at those briefings during the summer. If the information was not available, could she be informed by the end of the week.

Councillor Hamida Ali responded that the external auditor's report highlighted not only the financial challenges across the council but also around governance issues. She believed that all the Extraordinary Council meetings and other council meetings she had engaged in since her appointment as Leader, focused on the actions taken to address those issues and to make improvements. As she was not Leader at that time, she was unaware who had attended those briefings. As it was unclear what briefings Councillor Hale was referring to, she requested more information to understand what meetings so that an answer could be provided.

Councillor Karen Jewitt asked Councillor Stuart King how much non-essential spend had been stopped by the spend control panel.

Councillor Stuart King responded that the figure was in the region of £7.6m worth of non-essential spend rejected by the spend control panel. As outlined by the S151 Finance Officer, it was difficult at this stage to ascertain how much that figure represents a saving against the council's budget. This demonstrated that the spend control panel worked well and he hoped that Councillor Jewitt and other councillors were reassured the council had a strong robust process in place that helped the council to deliver the savings identified for this year but also subsequent years.

In her supplementary question Councillor Karen Jewitt asked did the Cabinet Member intend to adopt a similar approach to the spend once the council came out of S114 conditions.

Councillor Stuart King responded that the council would continue with the spend control panel during the period under which the S114 notice applied. Due to its success, the council should consider retaining this perhaps in a slightly amended form. However, as the spend control panel met twice daily on some occasions, a lot of officer time had been consumed. Therefore, other ways of delivering benefits without requiring the S151 Officer and other officers might be beneficial. In his opinion, continuing with the spend control panel would be desirable.

Councillor Andy Stranack asked Councillor David Wood that S114 already had an impact on the voluntary sector with councillors communities budgets being cut. He had visited over 40 voluntary sector groups to hear their views. He highlighted the amazing work some voluntary organisations and volunteers would be undertaking during the Christmas festive season and requested fellow councillors in thanking the voluntary and faith sectors for their hard work throughout the year.

Councillor David Wood responded that he echoed the statement made as the council was very lucky to have the voluntary sectors that existed in Croydon. He had attended a local strategic partnership meeting that also highlighted the activities other organisations would be undertaking within the next few weeks. He would also be taking part in volunteering activities by providing food to residents within the coming weeks.

In his supplementary question, Councillor Andy Stranack referenced the year 2014 when His Grace Anglican Church wished to convert Ashburton Library into a community hub. However, the Administration forced the church to return the keys. Also, the Appropriate Adult contract had been removed from Croydon Voluntary Action and awarded to a national organisation that offered zero based hour employment contracts. It was noted that nearly £1.5m funding off the voluntary sector would be made next year. What hope could be offered to the voluntary sector for 2021.



Councillor David Wood responded that since 2014 the funding for the voluntary and community sector in Croydon had increased. Regarding Ashburton Library, concerns existed around ensuring value for that project could be achieved. However, he recalled that a rigorous process had taken place and had no reason to doubt that the correct procedures had not been carried out at that time. He failed to recognise the £1.5m quoted but understood cuts would be made to some funding offered in previous years. The Administration remained committed to continue supporting the voluntary sector, which was not the case across London, as some boroughs provided no assistance. Therefore, despite the difficult challenges ahead, it was regrettable some difficult decisions existed. The Administration endeavoured to try their best to minimise impact of those decisions. A lot of work by council officers was being carried out to work with the sector organisations to understand their predicaments and provide assistance where required.

Councillor Jerry Fitzpatrick asked Councillor Callton Young please could he provide his view on the efforts being made by the council to secure a capitalisation direction to balance the budget and the on-going need for S114 notices.

Councillor Callton Young responded that the council found itself in a dire financial situation which caused council staff and residents concern. The difficult work to secure a capitalisation direction was being conducted against that backdrop. Officers had worked to a high standard to ensure that the submission made to the MHCLG was carried out with a great deal of professionalism and diligence. It was difficult to ascertain whether extra S114 notices would be required. As already heard the application for a capitalisation direction had been submitted and agreement was awaited. If an agreement was secured to balance the budget then the need for S114 notices would fall.

Councillor Scott Roche asked Councillor Callton Young that a Food Bank in Shirley applied for funds for a new freezer. As that budget had been removed the Food Bank and many other organisations across the borough are left with no means of purchasing a freezer which was desperately needed. Why did the Administration remove the community budget considering it was funded by the infrastructure levy which was ring-fenced and did not impact on the revenue budget.

Councillor Callton Young responded that Members were aware of the financial difficulties faced by the council. The council sympathised with the third and faith sectors but had to consider all the options which included the community ward budget. Advice had been taken on whether the budget was ring-fenced and his understanding that it was legitimate to stop them until further notice. However, he would be willing to revisit that issue.

In his supplementary question, Councillor Scott Roche reiterated that the community budget was ring-fenced aimed for local groups and the community. He again asked why the budget had been removed despite being ring-fenced as it did not impact on the revenue budget.

In response, Councillor Stuart King then explained that he understood the S114 notice covered all council spend. Therefore, the spend control panel took a decision as to whether or not community ward budget spending was essential. As a consequence, all community budget applications, without exception, were suspended unless a contract had been entered into.

Councillor Chris Clark asked Councillor Hamida Ali that the S114 report confirmed the need for the council to balance its budget. In response, the Croydon Renewal Plan had been agreed by councillors with an application submitted to the MHCLG for a capitalisation direction. The Administration hoped to deliver savings through its reduction in Councillor Allowances. Can you outline your view of the significance of these savings in the context of the wider savings that were required as part of the council's Renewal Plan.

In response, Councillor Hamida Ali stated that she appreciated the support across the Chamber regarding Councillor Allowances to be debated later. The Councillor Allowances would be an insignificant amount to the overall budget and could not meet the scale of money the council needed to find. Therefore, there was a need to think about what contributions the council could bring forward. These include ensuring that the council were in line with the London average, particular in relation to social care spending. It was noted that the council's Special Responsibility Allowances were not currently in line with the London average. However, in relation to reducing Councillor Allowances, this was a way councillors could make a contribution towards the budget, which she believed all councillors were particular keen should be undertaken.

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

Councillor Hamida Ali stated that the council continued to meet in the rarest of circumstances. When the Council met at the first of these meetings to consider the Chief Finance Officer's S114 notice, it was known that the council would be unable to balance the budget without financial assistance. As a result, the Chief Finance Officer had no choice but to follow the law and issue a second S114 notice, hence the need for this meeting tonight. The council remained unable to balance its budget and, without the necessary financial assistance, it was highly unlikely as already indicated, that the Chief Finance Officer had to issue a third S114 notice required by law. This Administration continued to support the Chief Finance Officer in taking that unnecessary measure. She realised that residents and staff remained concerned and she wanted to emphasise the necessity and importance for these steps.

Contrary to the Opposition's opinion of bankruptcy, the measure was designed to protect the council from insolvency and protect the council's ability to continue to act and support residents and provide vital services.

The second S114 notice and the third that was likely to follow did not signal a further deterioration of the council's financial position which was confirmed by

the quarter 2 budget monitoring report received by Cabinet at its meeting this week. Rather, it reflected that the council's financial situation remain unchanged since 1 December 2020. The Chief Finance Officer earlier highlighted that the council's spending control panel was now firmly in place to authorise any central spending which had made a difference.

Importantly, following discussions at Cabinet on Monday night and at tonight's meeting, the council had made its submission to the MHCLG for a request for financial support in the form of a capitalisation direction.

She took the opportunity to place on record on behalf of the new Administration her gratitude and appreciation to the Interim Chief Executive and her team for their hard work over the past three months to compile a coherent and detailed bid which reflected the council's situation and the utter intent to address their financial situation.

The submission to the MHCLG requested £70m this year, which would immediately balance the council's budget and a further £80m over the medium term and financial strategy period. She appreciated the scale of funding asked for and the need to achieve savings. Therefore, £27.9m worth of savings had been identified this year which the council intended to ensure was delivered. Also an engagement programme with residents and staff for a further £30m worth of savings proposals for next year, had commenced. Discussions regarding a commitment to review assets, company ownership and to reduce costs of borrowing had been held.

At its Cabinet meeting this week, Members received the Croydon Renewal Improvement Plan that sets out the council's intention to address the range of improvement actions that the council hoped to achieve. Members would be aware of the scale of work which was inextricably linked to the council's fundamental challenge of financial resilience. A capitalisation direction would immediately stabilise the council's budget, in order for the council to focus on making improvements required to be achieved.

This new Administration's priorities focused on achieving that recovery to enable the Council to live within its means. Ensuring that our communities received the best quality support and care that the council could provide by tackling inequality and poverty that too many residents faced. The new Administration resolved to drive forward the cultural change needed to achieve those objectives. Also, to resolve the council's financial situation for the longer term in the interest of the people of Croydon through a dedicated commitment to our communities.

She hoped that that the whole Chamber would support all the recommendations put forward by the Chief Finance Officer's report in order to support the Council moving closer to stabilising the financial position, especially for residents and staff that relied on the Council.

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

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

Madam Mayor invited Councillor Jason Perry to speak on the recommendations of the report.

Councillor Jason Perry thanked the Finance Officer, Chief Executive and Senior Leadership team for their hard work in bringing forward the various reports seen during the last few weeks. He also thanked staff across the organisation that worked with many of the most vulnerable residents within the borough at a time of great personal upset and worry for them regarding their jobs. Despite this, staff continued to serve their residents in the best way possible.

In Croydon the Labour borough had the highest debt in London of approximately £1.6b that equates to £15,000 an hour borrowed since Labour took office. The first authority that issued back-to-back S114 notices, two to-date, with a potential third to be issued tomorrow. The loan payment of £200m made to the wholly owned development company without the need for any repayments or dividends that was promised and the lowest reserves in London of the derisory £7m. Those were recognised as truly record breaking moments for the Labour Administration, which are not considered as good records. Yet, despite this, Labour deny they had bankrupted the borough.

The Labour Administration explained the difficult financial issues that existed but, their choices caused those issues. The Opposition heard that Labour were a new Administration but no elections had recently been held. The Administration failed to remove Councillors Newman, Hall and Butler but yet, sympathised with the financial difficulties faced by the Council.

The Opposition heard from Councillor Hall who confirmed that he was never showed any facilities agreements despite loaning over £200m to Brick by Brick. It was expected that councillors would pro-actively ask to see such agreements and management accounts. Now a bail out bid totalling £150m had been submitted to Government and, Labour refused to answer important questions. Councillor Ali took pride that everyone was able to ask questions at Cabinet except, of course, about borrowing £150m despite external auditors highlighting the importance to respond to the challenges, Labour failed to do so.

This Labour Council lacked leadership and direction. It was this Conservative Group that called a vote of no confidence in councillors Newman and Hall but all Labour councillors backed them. Also, this Conservative Group called for the sacking of Councillors Butler and Scott which did not materialise. The Conservative Group called for action to reduce Councillor's Allowances, which, once again, forced this Labour Council to make a decision. This was the second S114 notice that had been issued which showed that nothing demonstrably had changed.

Councillor Ali believed that the council's financial situation had not changed. However, that was incorrect, as it was noted the situation had deteriorated by

£16m. This showed that this so called new Administration lacked ideas and failed to deliver any new ideas to residents in Croydon. The evidence demonstrated showed that Labour were no capable of running or delivering change required by this borough.

Madame Mayor invited Councillor Yvette Hopley to speak on the recommendations of the report

Councillor Yvette Hopley stated that another sad day existed in Croydon as yet another S114 notice was due to be issued. It also seemed likely that further S114 notices would follow. It appeared that the same councillors were responsible for making dire decisions that caused this issue. The Labour Administration were repeatedly warned by auditors, residents and the Conservative Group regarding issues but this had been ignored. As a result, the council was now bankrupt. Due to the poor decisions made with numerous organisations such as Brick by Brick by the Labour Administration, vulnerable residents had now been effected.

There does not seem be any analysis made regarding the cumulative impact those decisions had on residents. For example, contracts and budgets that supported the community, especially vulnerable people had been cut. Also, 20% cuts in care packages for the most elderly had resulted and this would have a devastating effect on the elderly, disabled and vulnerable residents in the borough. Improvements were required to ensure communities were protected in Croydon.

Madame Mayor invited Councillor Callton Young to speak on the recommendations of the report

Councillor Callton Young stated that when Members met at the full Council meeting on 1 December 2020 to discuss the first S114 notice issued, all councillors noted that if the council could not balance the budget at the end of the 21 day statutory period, then it would be necessary for Croydon's S151 Monitoring Officer to issue a second S114 notice, starting a further 21 day statutory period. At that meeting all councillors were asked to note that the council could not balance the 2021 budget without external support and was reliant upon agreement for a capitalisation direction from the MHCLG. As expected, the S151 Officer dutifully issued a second S114 notice to Members the following day, hence our debate tonight which as part of the statutory process.

The report before Council tonight, asked Members to note that the in-year deficit remained at £66m and for the need to secure a capitalisation direction from MHCLG to ensure the issue was rectified. Also Members noted that a third Section 114 notice would be required if the budget was not balanced within 21 days. Members were asked to accept the S151 Officer's views outlined in the report and to agree that the spending control panel should continue to operate as detailed in the report, to maintain stability and help deliver Croydon. It appeared that the views in the report were similar to the one previously agreed by Council at its meeting on 1 November 2020.

Despite Opposition views, the Labour Administration delivered the submission to the MHCLG since the last Council meeting within 21 days. The Council's Renewal Plan was also discussed so he failed to understand what the Opposition believed was missing. Therefore, he believed that the recommendations in the report were sound, necessary and it was imperative that all Members on both sides of the Chamber supposed all the recommendations in the report.

Madam Mayor invited Councillor Gareth Streeter to speak on the recommendations of the report

Councillor Gareth Streeter pointed out to Councillor Young that people in Croydon sought solutions and wanted change which had not been delivered by Labour. Only changes to positions by individual councillors within the Labour Administration had occurred. The issuing of another S114 notice showed that further changes by Labour were required. Labour needed to take responsibility for the dire situation faced by the council. Labour should arrange for the hated Low Traffic Neighbourhoods from Crystal Palace to South Norwood, to be removed. It was unnecessary to spend money on a scheme that caused mayhem at the same time vital services such as South Norwood Library, was being threatened with closure. Labour needed to contact high streets and business by expressing their support for the three car parking charge increase imposed for 1 January 2021, to be scrapped. During this difficult time, it was vital that communities and businesses were supported by Labour to ensure that businesses could recover.

Madam Mayor invited Councillor Stuart King to speak on the recommendations of the report

Councillor Stuart King stated that this Administration accepted the S151 Officer's S114 report and agreed the recommendations. The re-issuing of the S114 notice initially published on 11 November 2020 was inevitable given the council's financial position. Senior Officers within the council, including the S151 Officer, made it clear that no council without government assistance, could close such a shortfall of £66m within 21 calendar days. The report clearly identified for all Members to see that the council's budget could not balance unless external support from the MHCLG was received. It was noted that yesterday the Leader and Chief Executive delivered the council's submission to MHCLG. He was confident that the submission demonstrated to the government the council's commitment to ensure that Croydon could as soon as possible, become an efficient, effective and financially stable council that lived within its means. The government's response to the council's submission was awaited.

Members could not continue to have it both ways to mention that the council was bankrupt. Councillor Streeter objected to a suggestion proposed that would help reduce spending and close but not increase the budget gap. There was a need to make a choice of which options Members wished to support.

He was pleased to close the debate and asked Members on both sides of the Chamber to vote in support of the report and the recommendations before Council this evening.

Ahead of the vote on the recommendations contained within the report, Madam Mayor advised Council that there were 40 Labour Members and 22 Conservative Members in attendance. The recommendations, as set out in the report were put to the vote individually. All recommendations were agreed unanimously.

RESOLVED: Council AGREED to:

1.1 Accept the views contained in the second Section 114 report issued by the Director of Finance, Investment and Risk, Section 151 Officer (Chief Financial Officer – CFO) on 2 December 2020 under Section 114 (3) of the Local Government Finance Act 1988 included at appendix 2 to the report;

1.2 Note the latest forecast overspend for 2020/21 of £66m;

1.3 Note that the Council cannot balance its budget in 2020/21 without external support and therefore continues to seek a capitalisation direction with the Ministry of Housing, Communities and Local Government;

1.4 Note that the Council cannot balance the budget at the end of this 21 day period detailed in Section 114 (3) of the Local Government Finance Act 1988, or after the date of the Extraordinary Council meeting whichever is earlier then it will be necessary for the Director of Finance, Investment and Risk to issue a third Section 114 report which will need to be responded to within a further statutory 21-day period, as detailed in the Act; and

1.5 Agree that irrespective of whether the Council’s Chief Finance Officer issues a third “Section 114” report, the spending control panel in operation under the current Section 114 report shall continue in the manner detailed in this report until such time as the Council may later determine.

153/20 **Exclusion of the Press and Public**

This Item was not required.

The meeting ended at 8.25 pm

**Signed:**

**Date:**

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