

# Cabinet Supplementary Agenda



**3. Minutes of the Previous Meeting (Pages 3 - 24)**

To approve as a correct record, the minutes of the previous meeting of the Cabinet, held on 25 January 2023

- Part A minutes
- Part B minutes

**8. Revenue Budget and Council Tax Levels 2023/24  
(Pages 25 - 40)**

The Scrutiny and Overview Committee's findings from the scrutiny of its budget setting process

Katherine Kerswell  
Chief Executive  
London Borough of Croydon  
Bernard Weatherill House  
8 Mint Walk, Croydon CR0 1EA

Democratic Services  
020 8726 6000  
[democratic.services@croydon.gov.uk](mailto:democratic.services@croydon.gov.uk)  
[www.croydon.gov.uk/meetings](http://www.croydon.gov.uk/meetings)

This page is intentionally left blank

# Agenda Item 3

**MINUTES** of the Meeting of the **CABINET** held on Wednesday, 25 January 2023 at 6.30pm in the Council Chamber, Town Hall, Katharine Street, Croydon CR0 1NX

**Present:** Executive Mayor Jason Perry (Chair);

Councillors Jason Cummings (Cabinet Member for Finance), Maria Gatland (Cabinet Member for Children and Young People), Lynne Hale (Deputy (Statutory) Executive Mayor and Cabinet Member for Homes (Vice-Chair)), Yvette Hopley (Cabinet Member for Health and Adult Social Care), Ola Kolade (Cabinet Member for Community Safety), and Andy Stranack (Cabinet Member for Communities and Culture).

**Also Present:** Councillors Leila Ben-Hassel (online), Mario Creatura, Lara Fish, Janet Campbell, Richard Chatterjee, Rowenna Davis (online), Brigitte Graham, Stuart King, Enid Mollyneaux, Chrishni Reshekaron and Callton Young OBE

## **PART A**

### **01/23 Apologies for Absence**

Apologies for absence were received from Councillor Scott Roche (Cabinet Member for Streets and Environment), Katherine Kerswell (Chief Executive) and Susmita Sen (Corporate Director for Housing).

### **02/23 Disclosure of Interests**

The following interests were declared at this point:

- (i) Councillor Lynne Hale (Deputy (Statutory) Executive Mayor and Cabinet Member for Homes) declared an interest in relation to Agenda Item No.10 (Investment in Resonance Property Fund Real Lettings Property Fund 1), by virtue of the fact she was the Council's Borough Representative Board Member of Capital Letters. Councillor Hale left the meeting during consideration of this item and took no part in the discussion or voting thereon.
- (ii) Jane West (Corporate Director of Resources and S151) Officer declared an interest in relation to Agenda Item No. 10 (Investment in Resonance Property Fund Real Lettings Property Fund 1), by virtue of the fact she was a Board Member of Capital Letters. Ms West left the meeting during consideration of this item and took no part in the discussion or voting thereon.

**03/23**

### **Minutes of the Previous Meetings**

**RESOLVED** that the minutes of the previous meetings of the Cabinet, listed below, be approved as correct records:

1. 16 November 2022
2. 30 November 2022 (including Part B (Exempt – not for publication))
3. 07 December 2022

**04/23**

### **Any Urgent Business**

There were no items of urgent business.

However, the Executive Mayor took this opportunity to highlight the recent announcement on the Levelling-up Fund, for which Croydon, on this occasion had not been successful. Whilst he was extremely disappointed, the Executive Mayor said that he remained committed to the regeneration of the Town Centre and he was already discussing with partners, how to take forward elements of the Plan to improve connectivity, help its businesses thrive and restore local pride.

It was clear that Croydon's town centre, district centres and high street required improving to make them more attractive and meet the needs of the Borough's communities and this, he said, was what he would continue to work towards.

He said that whilst Croydon might not always be successful having submitted bids for funding, it would continue to submit bids and fight to bring money into the Borough.

**05/23**

### **Appointments**

There were no appointments made to executive external bodies.

**06/23**

### **Scrutiny Stages 1 and 2**

Cabinet considered the following reports:

#### Stage 1

The Stage 1 report, from the Council's Scrutiny and Overview Committee and its Sub-Committees, contained recommendations that had been developed since the last Cabinet meeting. It was noted that the Council's Constitution required that an interim or full response be provided within two months of this Cabinet meeting.

The Executive Mayor, in Cabinet, received the recommendations, which arose from the meetings of the Children and Young People Sub-Committee held on 27 September 2022 (Appendices 1 and 2 to the report); Streets and Environment Sub-Committee held on 4 October 2022

(Appendices 3 and 4) and 8 November 2022 (Appendices 5 and 6); Health and Social Care Sub-Committee held on 18 October 2022 (Appendix 7) and Scrutiny and Overview Committee held on 6 December 2022 (Appendix 8).

Councillor Rowenna Davis, Chair of the Council's Scrutiny and Overview Committee, addressed Cabinet in respect of the recommendations submitted.

The Executive Mayor, in Cabinet, **RESOLVED** that a substantive response to the recommendations (a Scrutiny Stage 2 Report) be provided within two months, at the Cabinet meeting on 22 March 2023.

### Stage 2

The Stage 2 report invited the Cabinet to approve the full response reports which arose from the Stage 1 reports, which had been presented to Cabinet on 16 November 2022, and that included:

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

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

The Executive Mayor, in Cabinet, **RESOLVED** that the response and action plans attached to this report at Appendices 1, 2, 3 and 4 be approved and that these be reported to the Scrutiny and Overview Committee or relevant Sub-Committees.

**07/23**

### **Period 7 Financial Performance Report**

Cabinet considered a report, which provided the Council's forecast outturn as at Month 7 (October 2022) for the General Fund (GF), Housing Revenue Account (HRA) and the Capital Programme (CP). It was noted that the report formed part of the Council's financial management process for publicly reporting financial performance monthly.

The Executive Mayor said that, whilst the Council's financial future looked incredibly challenging, the fact it was on track this financial year should give confidence that his Administration would do what was necessary to put the Council back on a sustainable course.

Accordingly, he was happy to agree the recommendations in the report and wanted to thank officers for all their work delivering the Deficit Recovery Plan and making the difficult changes necessary to ensure the Council remained on course this financial year.

The Executive Mayor, in Cabinet, **RESOLVED** that:

1. The General Fund was forecast to be balanced at Month 7, be noted (*service directorates were indicating a £20.656m overspend, which was offset by £4.769m corporate underspend, £4m use of earmarked inflation reserves, £5m use of the general contingency budget and the budgeted £6.8m contribution to General Fund Balances being released.*)
2. The forecast elimination of the planned contribution to General Fund Reserves of £6.9m for 2022/23, be noted.
3. That a further number of risks and compensating opportunities may materialise which would see the forecast change, be noted.
4. The actions that were being taken through the Deficit Recovery plan, be noted (*further details are in paragraph 2.16 to the report*).
5. That the non-delivery of the MTFS savings, as indicated within Table 5 and detailed in Appendix 3 to the report, be approved.
6. That the Housing Revenue Account (HRA), which was projecting a £4.586m overspend, due to inflation, disrepair costs and void rents, be noted.
7. The capital slippage related to expenditure and financing from 2021/22 of £20.261m, as advised in Section 6 (Table 6 and 7), and the net reprofiling and additions of £37.505m, which resulted in a revised Capital Programme of £118.851m for 2022/23, be approved.
8. The Capital Programme spend to date for the General Fund of £16.084m (against a budget of £93.236m), with a projected forecast underspend of £12.165m for the end of the year, be noted.
9. The Housing Revenue Account Capital Programme spend to date of £9.318m (against a budget of £25.165m), with a projected forecast underspend of £4.145m for the end of the year, be noted.
10. The above figures, which were predicated on forecasts from Month 7 to the year end and therefore could be subject to change as forecasts were made based on the best available information at this time, be noted.
11. That the Council continued to operate a Spend Control Panel to ensure that tight financial control and assurance oversight were maintained, be noted (*a new financial management culture was being implemented across the organisation through increased scrutiny, such as the monthly assurance meetings, improved communication and budget manager training from CIPFA.*)

08/23

### **Review of Council Tax Support Scheme – 2023/24**

Cabinet considered a report, which sought approval to make changes to Croydon's Council Tax Reduction (Support) Scheme (CTS), which would take effect from 1 April 2023.

It was reported that the Executive Mayor, in Cabinet, had received a report in October 2022, which outlined the principles of the proposed changes to the CTS scheme, which were agreed, and that statutory consultation on the suggested scheme with residents and preceptors should take place.

Accordingly, the consultation ran between 14 October 2021 and 1 December 2021 and, having now considered those responses, recommendations were now being made for approval to make changes to the existing CTS scheme with effect from 1 April 2023 and refine the proposal considering the consultation responses.

The Executive Mayor said that by agreeing the measures in this report, the Council would help to ensure all recipients of Council Tax Support were protected from the full impact of future Council Tax rises and would introduce a fairer approach to supporting households with disabled residents. On that basis, he said he was happy to agree the recommendations in the report.

The Executive Mayor, in Cabinet, **RESOLVED** that:

1. The changes to Croydon's Council Tax Support Scheme following review and due regard to the statutory consultation feedback, be agreed (*the new scheme would take effect from 1 April 2023*).
2. The minimum income floor for disabled working claimants be removed, the amount the income bands are to be increased to match the increase in Council Tax be changed and non-dependant deductions for disabled not working claimants be introduced, excluding cases where the non-dependant was in receipt of carers allowance for the claimant.
3. The Council's Council Tax Support Scheme be amended, subject to the changes made following the consultation, from 1 April 2023.
4. Cabinet annually reviews the CTS Scheme, the principles of the income banded scheme and the addition of a hardship fund in August 2023 and then annually.

09/23

### **HRA Rent-Setting 2023-2024**

Cabinet considered a report, which set out for approval, the Council's HRA rent-setting arrangements for Council Tenants from 1 April 2023 to 31 March 2024.

The Executive Mayor said that many tenants would be concerned about the impact of a rent rise at this time and that was why this report capped the rise at 7%, as opposed to the usual 10.9%, and begun the process of setting up a new HRA hardship fund for tenants.

He said that, despite the real terms cut in income to the HRA, the Council would put efficiencies in place to not only invest in its properties but to continue to improve the housing service it provided for its tenants and to continue to treat residents with respect.

For those reasons, he agreed the recommendations in the report together with an officer amendment that, at Recommendation 1, the word “directed” be replaced with “ceiling”.

Accordingly, the Executive Mayor, in Cabinet, **RESOLVED** that:

1. The request to set the rent increase at the government ceiling level of 7% for the financial year 2023-24, be approved.
2. The request to set the tenants’ service charges increase at the same level as the rents of 7% for the financial year 2023-24, be approved.
3. That the impact of capping at 7%, which was lower than an existing policy, had had an adverse impact on the HRA budget and its ability to balance without making significant adjustments to the expenditure budgets within the HRA, be noted.
4. That there was further work required to set a balanced budget for 2023-24 to accommodate the lost income, be noted (*this would be presented to Cabinet in February 2023 alongside the HRA Business Plan.*)
5. Further work would be required to ensure that tenants and leaseholder were advised of all options available to them to mitigate the financial insecurity which may be experienced as a result of the increase in rent and tenants’ service charges, be noted.
6. The development of proposals to create a specific Housing Revenue Account (HRA) hardship fund aimed to assist tenants who were financially impacted by the 2023/24 rent increase, be noted.

**10/23**

**Investment in Resonance Property Fund – Real Lettings Property Fund 1**

With reference to Minute No.2/23 to these minutes, the Deputy (Statutory) Executive Mayor and Cabinet Member for Homes, Councillor Lynne Hale,



and the Council's Corporate Director of Resources and S151 Officer, Jane West, left the meeting during discussion of this matter and took no part in the consideration or voting thereon.

Cabinet considered a report, which considered three key options that had been modelled with the help of Local Partnerships including re-investment into a new fund, exiting the fund and paying down the Council debt and exiting the fund and directly purchasing properties to house homeless clients. The report also examined the financial and non-financial risks and benefits, with equal weight, of each option to come to a considered decision.

It was reported that the recommendation was for withdrawal from the fund with an acceptance that a small rise may be seen in general fund temporary accommodation costs greatly offset by savings on debt costs.

The Executive Mayor said that this decision would allow the Council to pay down £36m of the Council's debt and reduce its debt payments by £1.7m a year. He added that the managed exit procedure set out in the report also protected current tenants, ensuring that they were not negatively impacted.

The Executive Mayor then invited the Council's Monitoring Officer, Mr Stephen Lawrence-Orumwense, to speak on technical amendments made to the report by officers, post-publication, details of which had been circulated to all Members.

In apologising for the late amendments, Mr Lawrence-Orumwense said that officers had requested that amendments be made to the following pages within the report:

- i) **Page 395** – the heading of the report (under "Lead Officer") the title "Interim Head of Corporate Finance and Deputy S151 Officer" be inserted.
- ii) **Page 397** – under Recommendation No.5, the reference to the Corporate Director of Resources, be deleted and replaced with "Deputy S151 Officer." The Corporate Director of Resources had advised the Monitoring Officer of a potential conflict of interest and had excused herself from further consideration of this matter.
- iii) **Page 408** – under "Legal Comments", there were amendments to better clarify the legal basis for this decision.
- iv) **Page 409** – to insert the name of the Monitoring Officer.

On that basis, the Executive Mayor was happy to agree the amendments put forward by officers and recommendations in the report.

The Executive Mayor, in Cabinet, **RESOLVED** that:

1. To proceed with Option 2: Divestment and withdrawal from RLPF1, using the funds received to reduce the future debt refinancing needs, subsequently supporting lower interest costs, be approved.
2. The value for money and financial case, which indicated that, over the 15-year period used as the basis of assessment, the better return for the Council would be through re-investing (Option 1), be noted.

*(However, this did not meet the more immediate need for the Council to seek cash to avoid future borrowing costs. As detailed in paragraph 2.27 to 2.29 due to current and short-term challenging financial circumstances the Council will need to forgo the longer-term gain in return for immediate financial support and in order to deliver its core services.)*

3. The fact that the final value of the investment returned would depend on the values achieved at the point of exit as it depended on house price achieved from the disposal of properties, be noted.

*(The valuation as at end of September 2022 (when the last valuation was conducted by Resonance) indicated £36m return to the Council.)*

4. The Council agreeing to a managed exit, as this would provide the Council with sufficient time to assess and identify suitable and cost-effective accommodation for Temporary Accommodation households who would be impacted from the exit, be approved.
5. The Corporate Director of Resources and Section 151 Officer, in consultation with the Cabinet Member for Finance and the Monitoring Officer, be authorised to agree relevant documentation (including any special resolutions required under the LPA, and a Deed of Variation to the LPA (DoV)) required in order to effect Option 2.
6. The fact that exiting the investment, and agreeing such documentation, would be subject to appropriate legal and financial advice and due diligence, be noted.
7. The fact that the Council would continue to be an investor in RPLF1 until all its investment balance had been paid, be noted.

11/23

## **People and Cultural Transformation Strategy 2022-2026**

Cabinet considered a report, which had appended to it, the Council's People and Cultural Transformation Strategy for the next four years, and sought to improve culture, diversity and inclusion, and people

management across the workforce and enabling better services to residents.

The Executive Mayor said that adopting this Strategy was the next step to rebuilding and investing in the Council's staff and ensuring that the Council created an environment where its staff were empowered to succeed and deliver for Croydon's residents.

Accordingly, the Executive Mayor, in Cabinet, **RESOLVED** that the People Strategy 2026-2026 and its implementation, as set out in the appendix to this report, be approved.

12/23

### **Local Implementation Plan Healthy Streets Funding 2022-23 to 2024-25**

Cabinet considered a report, which explained that the Covid19 Pandemic had resulted in erratic stop-start funding from Transport for London (TfL) and that TfL had been looking to return London local authorities to a longer term 'Healthy Streets' investment funding programme, similar to the former LIP (Local Implementation Plan) Funding programme.

It was reported that, in looking to reset the local authority funding programme, TfL had emphasised that local authority Delivery Plans must deliver the 'Healthy Streets' objective and be evidence based and data led but could and should also respond to local priorities.

The report also described the 'Strategic Data' set provided by TfL to underpin new LIP Healthy Street Delivery Plans and recommended agreement of the Delivery Plan 2022/23 element, and agreement to a Delivery Plan for 2023/24 and 2024/25.

The Executive Mayor said, as noted that TfL had been looking to return London local authorities to a longer term 'Healthy Streets' investment funding programme, something which Croydon would very much welcome. In agreeing the recommendations in the report, the Executive Mayor said that, in doing so, would allow the Council to move towards a more stable financial footing, in line with its local priorities and the Executive Mayor's Business Plan.

Accordingly, it was **RESOLVED** that:

1. The Healthy Streets Delivery Programme for 2022/23, be approved, to include:
  - Healthy Neighbourhoods (£574,000)
  - School Streets (£249,000)
  - Road Safety (£125,000)
  - Active Travel (£3,150,000)
  - Bus Priority (£508,000)
  - Transport Strategy (£30,000)

- Station Capacity Improvements (£90,000)
- Cycle Training (£56,000)
- Cycle Parking (£34,000)

as set out at Appendix 1 to the report and forming the LIP Healthy Streets Delivery Plan for 2022/23 made up of TfL LIP/Healthy Streets Funding and other funding.

2. The programme at Appendix 2 to the report, as the basis of a draft LIP Healthy Streets Delivery Plan 2023/24-2024/25, made up of TfL LIP/Healthy Streets Funding and other funding, be approved.
3. The Corporate Director for Sustainable Communities, Regeneration and Economic Recovery, in consultation with the Executive Mayor and the Cabinet Member for Streets and Environment, be authorised to finalise and approve the LIP Healthy Streets Delivery Plan 2023/24-2024/25 for submission to TfL, in order to release 2023/24 LIP Healthy Streets Funding, making any necessary adjustments to the Programme prior to and post submission, without incurring additional expenditure commitments for the Council.
4. The expenditure in 2023/24, as set out in the report and Appendix 2, subject to funds having been confirmed and allocated by external funders and Council funding agreed by Budget Council, be approved.

13/23

### **Whitgift Indemnity and Land Transfer Agreement (ILTA) Remedy**

Cabinet considered a report, which set out the basis of the remedy and works that were required under the ILTA by Croydon Limited Partnership (CLP), following the non-delivery of the redevelopment of the Whitgift Centre within the specified timeframe.

The Executive Mayor said that working closely with the Council's partners was the only way it would make progress to regenerate the town centre. He said he was happy to agree the recommendations in the report which, working collaboratively with CLP, would unlock £4m in improvements to North End over the coming years.

Accordingly, the Executive Mayor, in Cabinet, **RESOLVED** that:

1. The Council triggering the retail remedy under Clause 11.1(c) of the Indemnity Land and Transfer Agreement ("ILTA") by issuing a written notice to CLP as soon as possible, before the deadline of 21 February 2023, in order to seek improvements to North End to a cost of £4 million Indexed (from 5 February 2014) and a programme of asset management initiatives at the existing Whitgift Centre (the "Remedy Notice"), be approved.

2. The Corporate Director of Sustainable Communities, Regeneration and Economic Recovery be authorised to:
  - a) issue the written Remedy Notice referred to in Recommendation 1.1 above.
  - b) Finalise the details of the specification for the Clause 11.1(c) North End works remedy to be agreed with CLP (in consultation with the Mayor and the Cabinet Member for Planning and Regeneration).
  - c) Take all other necessary steps in relation to the Remedy Notice and the Council's obligations under the ILTA.

14/23

**Local Government and Social Care Ombudsman Report Finding of Fault with Maladministration and Injustice and Report by the Monitoring Officer under section 5A of the Local Government and Housing Act 1989**

Cabinet considered a report in the public interest dated 16 June 2022 and the recommendations made by the Local Government and Social Care Ombudsman (LGSCO) in relation to Croydon Council, as set out in Appendix 1 to the report.

It was reported that, on 8 February 2022, the LGSCO had written to the Council's Chief Executive, Katherine Kerswell, to confirm that after consideration of a complaint it had received, it had decided to issue its findings as a public interest report.

The LGSCO considered the following six criteria when deciding whether to issue a public interest report:

- (i) Recurrent faults (for example, the organisation keeps making similar mistakes)
- (ii) Significant fault, injustice or remedy (by scale or the number of people affected)
- (iii) Non-compliance with an Ombudsman's recommendation (it has not agreed or has not carried out their recommendations)
- (iv) A high volume of complaints about on subject
- (v) A significant topical issue
- (vi) Systemic problems and/or wider lessons (for example, problems with how the organisation does things that if not put right are likely to affect others, and this is an opportunity for others to learn).

In this case, before the Executive Mayor in Cabinet, the reasons for issuing the report were (ii), (v) and (vi) above.

The LGSCO had issued a joint report in respect of failings identified by the Council, South London and Maudsley NHS Foundation Trust (SLAM) and Croydon NHS Integrated Care Board (ICB).

The Executive Mayor said it was important that, as a Council, it acknowledged and learned from these faults and reviewed its procedures to make sure that it was offering all Croydon residents the best possible care and support. With that in mind, he agreed the recommendations of this report.

Having considered the public interest report dated 16 June 2022 and the recommendations made by the Local Government and Social Care Ombudsman in relation to Croydon Council, as set out in Appendix 1 to the report, the Executive Mayor, in Cabinet, **RESOLVED** that:

1. The report, being the Executive's formal response, as required by section 5A of the Local Government and Housing Act 1989, for distribution to all Members and the Monitoring Officer, be adopted.
2. The report, being the Council's formal response under Section 31 of the Local Government Act 1974, to be communicated to the Ombudsman, be adopted.
3. The findings be accepted and the recommendations, as set out in the public interest report, be approved.
4. The actions taken by the Council be endorsed and the steps, progress and timeline to implement the recommendations, as set out in Section 7 of the report, be noted.
5. The chronology, that substantive concerns for the LGO were in the main for the period 2017 to 2020, be noted.

15/23

### **Executive Mayor's Business Plan 2022-2026 Transitional Performance Report**

Cabinet considered a report, which presented performance against the five outcomes (listed below), within the Executive Mayor's Business Plan 2022-26, which was approved at Cabinet in November 2022.

1. The Council balances its books, listens to residents and delivers good sustainable services.
2. Croydon is a place of opportunity for business, earning and learning.

3. Children and young people in Croydon have the chance to thrive, learn and fulfil their potential.
4. Croydon is a cleaner, safer and healthier place, a borough we're proud to call home.
5. People can lead healthier and independent lives for longer.

It was reported that the Executive Mayor's Business Plan was the Council's core strategic document setting out its objectives and priorities for the next four years. It reflects the Executive Mayor's manifesto pledges and priorities, as set out in a report to Cabinet in June 2022.

It was further reported that, in September 2022, a final performance report tracking progress against the corporate priorities set prior to the election of the Executive Mayor on 5 May 2022, was presented to Cabinet.

It was noted that the Council was currently developing a set of performance measures that will monitor delivery of the Executive Mayor's Business Plan 2022-26, which was borough wide and would include both Council and Place measures - Council measures would detail those measures which the Council was the lead in terms of delivery; and Place would relate to measures where the Council's partners, such as the Police and NHS were the lead, but where the Council had an important role to play in promoting partnership working.

As I said in my opening comments, this report sets out a transparent and open view of the Council's current performance data ahead of new KPIs being set later this year.

The Executive Mayor said that he and his Cabinet would continue to use this data to drive improvements he was happy to agree the recommendations in the report.

The Executive Mayor, in Cabinet, **RESOLVED** that:

1. The transitional performance report (Appendix A) with latest data available on 30 November 2022 (unless otherwise stated) regarding overall council performance, be noted.
2. The fact that this was a transitional performance report using existing measures previously used as part of the Corporate and Departmental priority performance reporting, which had, for the purpose of this report, been aligned to the five objectives within the Executive Mayor's Plan 2022-26, be noted.
3. That work currently underway to create a full set of both Council and Place measures to fully reflect the ambitions within the Executive Mayor's Business Plan, which would replace this

transitional reporting going forward once this work had been completed and adopted, be noted.

4. The complete set of measures and targets as detailed in point 1.4 of this report would be brought to a future meeting of Cabinet for sign-off.

16/23

### **Dedicated Schools Grant (DSG) School Funding 2023/24 Formula Factors**

Cabinet considered a report, which advised that the Dedicated School Grant (DSG) was a ring-fenced grant, of which the Schools' Block element was used to fund individual school's budgets in Croydon maintained schools and academies.

The report provided the basis for the final funding allocation across Croydon individual school budgets approved by Schools Forum on 7 November 2022. This paper is to inform cabinet about how the budget was set and to seek cabinet approval prior to updating the DfE Authority Proforma Tool (APT) which is a model used in setting the schools' budget before submission to ESFA by the set January 2023 deadline.

The Local Authority was responsible in setting the £301.8m annual school's budget for Croydon. There were currently 109 schools with a total population of 50,330 pupils according to the most recent DfE statistical data. The 109 schools comprised of 86 Primary schools and 22 secondary schools. There was only one all-through school making a total of 109 schools.

The Executive Mayor acknowledged there was a lot of work required to ensure this process went smoothly and he thanked officers and the Schools' Forum for their efforts.

The Executive Mayor, in Cabinet, **RESOLVED** that:

1. The provisional funding formula for Croydon schools for the financial year 2023/24, for both maintained schools and academies, in line with the recommendations voted for by School Forum, be approved.
2. The DfE optional factors values reported in table 3 in section 6.1 and paragraphs 6.4 to 6.14 (summarised in table 3) which forms the bases underlying the draft budget for 2023/24
3. The three new underlisted requirements for setting the 2023/24 school's budget, be noted.
  - (a) Local authorities will only be allowed to use National funding formula (NFF) factors in their local formulae.



- (b) Local authorities must use all NFF factors – except for the locally determined premises factors which remain optional, and the fringe factor which is compulsory for the 5 local authorities on the fringe.
- (c) Local authorities must also move their local formula factor values to at least 10% closer to the NFF, except where local factor is already mirroring the NFF.

17/23

## **Education Estates Strategy**

Cabinet considered a report, which set out the draft education estates strategy for the three-year period 2022-2025. It was reported that the Strategy aimed to minimise Council borrowing to an absolute minimum whilst fulfilling the Council's statutory duty for sufficiency of school places.

The proposals outlined in the report would ensure that the Council was compliant with its school place planning duties (Sections 13 and 14 to the Education Act 1996) to promote high standards of education and fair access to education; secure provision for children with SEN; and to respond to parental preference.

The Executive Mayor said that the recommendations in the report were set out to ensure that the Council was compliant with its statutory duties as an education authority and, as such, he was pleased to agree the recommendations.

The Executive Mayor, in Cabinet, **RESOLVED** that:

### **In Respect of School Admissions:**

1. The proposed community schools' Admission Arrangements for the 2024/25 academic year (Appendix 1 to the report), be approved.
2. The continued adoption of the proposed Pan London scheme for coordination of admissions to Reception and Junior schools (Appendix 1a to the report); and adoption of the proposed Pan London scheme for co-ordination of admissions to secondary schools (Appendix 1b to the report), be approved.

### **In Respect of School Place Planning:**

3. The Capital Programme Budget summary (Appendix 3 to the report), be approved.

#### School Maintenance and Compliance

4. That the proposed Schools' Maintenance Plan (Appendix 4) for 2023/24, with an overall budget cost of £4,580,016; and £3,191,514 for 2024/25, be approved.

5. That the Interim Corporate Director for Children, Young People and Education be authorised to vary the proposed Schools' Maintenance Plan to reflect actual prices and new urgent issues that may arise, including authorising spend against the allowance for emergency and reactive works (*the Corporate Director, Children, Young People and Education shall report back to the Executive Mayor in Cabinet in respect of any exercise of such authority.*)

The Executive Mayor, in Cabinet, **NOTED** that:

### **In Respect of School Place Planning**

6. Comparison between the available school places vs 2022 School Capacity (SCAP) Pupil Projections (Appendix 2 (primary) and Appendix 2a (secondary) to the report.

### Managing Surplus School Places

7. The local authority is working in partnership with partners to discuss and agree a collective strategy to manage the high level of surplus school places in some primary schools.
8. The proposed reduction of All Saints Primary School, Published Admission Number from 60 to 30, with effect from September 2024.

### Academy Conversion

9. The change of status to an academy for the following schools:

- Orchard Way Primary School from 1 April 2022
- The Minster Junior School from 1 April 2022
- The Minster Infant and Nursery School from 1 September 2022
- Coloma Convent Girls' School from 1 November 2022

### Early Years

10. Croydon Childcare Sufficiency Assessment 2022 (Appendix 5 to the report) which measured the demand for, and supply of childcare across the borough.

### Special Educational Needs and Disability (SEND)

11. Provision sufficiency for children and young people with complex SEND remained a challenge.

*(The Council continued to develop provision in line with the planned expansion and was addressing the areas of need in*

*addition to this. The use of robust data to inform medium to long-term planning to meet demand was now much more accurate.)*

#### Alternative Provision / Pupil Referral Unit (PRU)

12. The Council had received from the DfE, the Academy Order for the proposed conversion to an academy of Saffron Valley Collegiate (SVC) Pupil Referral Unit. The intended date of conversion was 1 April 2023.
13. Additional demand for Alternative Provision places was met by commissioning suitable places via the Council's Approved Alternative Provision Provider List.

**18/23**

#### **Education Standards 2022**

Cabinet considered a report, which summarised the education performance and outcomes of children and young people in Croydon schools for the academic year 2021/22, across all phases from Early Years Foundation Stage (EYFS) to Key Stage 5 (KS5).

It was reported that the academic year 2021/22 had seen a return to primary national curriculum assessments, and end of year 11 and 13 examinations (including GCSE & A levels) following two years of teacher/centre assessed grades. It was noted that the DfE did not publish performance data for 2019/20 or 2020/21.

In thanking all key partners involved in this important work, the Executive Mayor agreed the recommendations in the report and said he looked forward to seeing further improvements in next year's data.

The Executive Mayor, in Cabinet, **RESOLVED** to **NOTE**:

1. The report and commend the continued actions that were being taken by all partners to secure improvement in pupil educational outcomes.
2. That pupil attainment and school outcome data had not yet been fully published for the 2021/22 academic year.
3. The Council's activities planned and underway, to improve pupil and school outcomes as set out within this report.

**19/23**

#### **Secure Children's Home for London and Pan-London Commissioning Vehicle (PLV)**

Cabinet considered a report (Part A – open for inspection), which was being presented to all Councils in London in some form and which sought permission, in principle, for Croydon Council to join the PLV at the developmental stage, acknowledging limited liability to the Council for any

debts incurred by the PLV to a maximum of £1 and to delegate a decision about the financial aspect to the interim Corporate Director for Children, Young People and Education.

It was noted that Part B (exempt – not for publication) to this report contained confidential legal advice and the options appraisal referred to in Part A.

The Executive mayor said that the use of facilities like this was always a last resort and despite the Council's usage of secure homes currently being low, he recognised the benefits that provision could provide to a small number of the Borough's young people.

He said that through the Council's membership of the Pan-London Commissioning Vehicle, it would be better positioned to influence future decisions that could impact its residents and as such, he agreed the recommendations in the Part A report.

The Executive Mayor, in Cabinet, **RESOLVED** that:

1. The Council becomes a member of a not-for-profit company, limited by guarantee, provisionally to be known as the Pan London Vehicle, to:
  - develop and then oversee the running of London's secure children's home provision for a five-year period from 1st April 2023 to 31st March 2028, with a breakpoint after three years once the refreshed business case had been developed to include service pricing structure, commissioning approach, practice model and location. Once the provision had launched – which would be after the breakpoint – membership would be at a fixed annual cost of £20,000 (subject to inflation adjustment), unless an alternative model for funding the PLV was agreed by members during the development phase, and
  - collaborate with other PLV members on future joint commissioning programmes.
2. The Interim Corporate Director for Children, Young People and Education, in consultation with the Cabinet Member for Children, Young People and Education, the S151 Officer and Corporate Director of Resources and the Director of Legal Services and Monitoring Officer, be authorised to:
  - a) finalise the legal documents required to set up, join and run the PLV alongside the other London boroughs.
  - b) approve any operational arrangements.

- c) decide whether or not to exercise the break option at year three of the Council's membership of the PLV, following completion of the revised SCH business case.
- d) Approve the appointment of the Interim Corporate Director of Children, Young People and Education as:
  - i) the Council's Member Representative of the PLV.
  - ii) the Director of the PLV on a rotation basis for a period of five years, when required.
- 3. It be noted that a decision on whether to continue the PLV Membership at the third-year break point, and all subsequent forthcoming break points, would be reported back to the Executive Mayor unless otherwise delegated.
- 4. It be noted that the Croydon Companies Supervision and Monitoring Panel (CCSMP) had been consulted on this proposal and the Council's group company supervision arrangements would apply to the PLV.

The meeting was declared closed at 7.53pm

**EXECUTIVE MAYOR**

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank



## LONDON BOROUGH OF CROYDON

<b>REPORT:</b>	<b>Cabinet</b>
<b>DATE</b>	<b>22 February 2023</b>
<b>REPORT TITLE:</b>	<b>Report of the Scrutiny and Overview Committee: Budget Scrutiny 2023-24</b>
<b>LEAD OFFICER:</b>	<b>Stephen Lawrence-Orumwense Director of Legal Services &amp; Monitoring Officer Adrian May Interim Head of Democratic Services</b>
<b>LEAD MEMBER:</b>	<b>Councillor Rowenna Davis Chair of Overview and Scrutiny</b>
<b>ORIGIN OF ITEM:</b>	<p>As part of the consideration of the Council Tax and Budget Report, the Cabinet is required to consider feedback from the Scrutiny &amp; Overview Committee.</p> <p>In accordance with the Council's Constitution, the Scrutiny &amp; Overview Committee scrutinises the entirety of the budget proposals and reports its findings to Cabinet as part of the budget setting process. The findings of the Committee, together with the response of the Administration will be presented at the Budget Council meeting.</p>
<b>KEY DECISION?</b>	No
<b>PUBLIC/EXEMPT:</b>	Public
<b>WARDS AFFECTED:</b>	All

### 1. THE BUDGET SCRUTINY REPORT

- 1.1. The Scrutiny & Overview Committee is required in the procedure rules set out in the Council's Constitution to report to the Cabinet the findings from its scrutiny of the budget setting process. This report is being provided to Cabinet alongside the Budget

papers to respond to the conclusions and recommendations of the Committee. Both this report and the response of the Cabinet will be included in the budget papers to be considered by Council on 1 March 2023.

- 1.2. The level of scrutiny given to the process for setting 2023-24 budget has been in line with the expanded scope conducted for the 2022-23 budget, as it was found that this approach allowed the members of the Scrutiny & Overview Committee to have a greater understanding of the potential risks to the delivery of the budget. A summary of the budget process is set out in section 2 of this report.
- 1.3. The Scrutiny & Overview Committee had a final opportunity to review the budget proposals at its meeting on 16 February 2023. It was at this meeting that the Committee, taking account of its work over the preceding months, reached its conclusions on the budget. These conclusions are set out for the consideration of the Cabinet in section 3 of this report. It should be noted that the Committee did not make any specific recommendation on the proposed budget.

## **2. BUDGET SCRUTINY PROCESS 2023-24**

- 2.1. Although the Scrutiny & Overview Committee first considered a report on the setting of the 2023-24 budget at its meeting on 6 December 2023, the Committee had prioritised monitoring the delivery of 2022-23 budget earlier in the year. The Financial Monitoring Reports prepared for Cabinet have also been considered at meetings of the Scrutiny & Overview Committee, in addition to a report on the 'Opening the Books' process commissioned by Mayor Perry. This has allowed the Committee to identify key areas of risk it wanted to scrutinise in greater detail and provided reassurance that the Council was effectively managing its in-year budget.
- 2.2. In advance of the first budget scrutiny meeting on 6 December 2022, members of the Committee received two training sessions on best practice for budget scrutiny, delivered by the Centre for Governance and Scrutiny and the Local Government Association respectively. The Committee also received a briefing from the Council's Section 151 Officer on the key budget principles and the approach to setting the budget prior to the meeting on 29 November 2022.
- 2.3. At the Scrutiny & Overview Committee on 6 December 2022, consideration was given to the 2023-24 Budget and the Three Year Medium Term Financial Strategy report. From its discussion of the information provided, the Committee identified a number of areas for further investigation, including reviewing the support provided by the Council to the voluntary & community sector and a deep dive on transformation projects to provide reassurance that a robust framework was in place for these projects and that they were properly resourced.
- 2.4. The Scrutiny & Overview Committee met again on 30 January 2023, to receive these reports on Transformation Project Deep Dives, and Voluntary Community & Faith Sector Support. The Committee welcomed confirmation from both the Council and Croydon Voluntary Action of their commitment to building a deeper relationship

between the Council and the voluntary, community, and faith sector in the borough. However, serious concern was raised about whether new ways of working would be in place in time to support organisations with the transition away from the Community Fund when it ended in March 2023. In conclusion, the Committee stressed that tangible support plans needed to be a priority and treated with urgency to prevent the risk to services and activities being lost.

- 2.5. On the Transformation item, the Committee concluded it would like to see further evidence of the transformation programmes being mapped out with key milestones and timelines, once available. For example, the two projects reviewed by the Committee were still in their infancy and in the process of being mapped out. This meant that any assurance on these projects would need to be reserved until further information was available. Given the urgent and important role transformation needs to play in helping turn the Council around, more work needs to be done to create concrete delivery plans behind the aspirations.
- 2.6. The Committee welcomed confirmation that the Programme Management Office was leading a project to introduce a new project management system, as it was agreed that improved reporting was essential to ensuring there was a robust system in place to monitor the various transformation projects. Members were also supportive of the decision not to include savings targets, attributed to the transformation projects in the 30 November 2022 Cabinet report, in the 2023-24 budget unless it was clear how they would be delivered in the next year.
- 2.7. The four scrutiny Sub-Committees (Children & Young People, Health & Social Care, Streets & Environment, and Homes) each met with the respective Cabinet Members and Corporate Directors for their relevant remits to identify key areas of risk to review at their meetings in January/February 2023. The areas scrutinised were:-

Meeting	Budget Challenge Items
Scrutiny & Overview Committee  Link to Committee papers: <a href="#">Tuesday, 6th December, 2022</a>	2023-24 Budget Update, Medium Term Financial Strategy and Savings Proposals
Children & Young People Sub-Committee  Link to Sub-Committee papers: <a href="#">Tuesday, 17th January, 2023</a>	<ul style="list-style-type: none"> <li>• The review of care packages for children with disabilities aged 0-17</li> <li>• The impact of the reduction in spend on the adolescent service</li> <li>• Impact of the review of the Front Door and practices</li> </ul>
Health & Social Care Sub-Committee	<ul style="list-style-type: none"> <li>• 2022/23 Period 7 (October 2022) budget and savings position.</li> </ul>

Meeting	Budget Challenge Items
Link to Sub-Committee papers: <a href="#">Tuesday, 24th January, 2023</a>	<ul style="list-style-type: none"> <li>• 2023/24 indicative savings (as of 10 January 2023).</li> <li>• The Council's position in relation to the benchmarked key performance indicators.</li> </ul>
Scrutiny & Overview Committee  Link to Committee papers: <a href="#">Monday, 30th January, 2023</a>	Voluntary, Community & Faith Sector Support  Transformation Project Deep Dives
Streets & Environment Sub-Committee  Link to Sub-Committee papers: <a href="#">Tuesday, 31st January, 2023</a>	<ul style="list-style-type: none"> <li>• Parking Services (including information on the Parking Policy review)</li> <li>• Planning Service (including information on the Planning Transformation programme)</li> <li>• Building Control (including a short update on the Building Control transformation programme)</li> </ul>
Homes Sub-Committee  Link to Sub-Committee papers: <a href="#">Monday, 6th February, 2023</a>	<ul style="list-style-type: none"> <li>• Housing Revenue Account P7 outturn position.</li> <li>• Housing Revenue Account Business Plan key headlines.</li> <li>• Housing General Fund budget.</li> <li>• Housing General Fund P7 outturn position.</li> </ul>

2.7. The Chairs of the Sub-Committees reported the findings from their respective budget challenge items to the main Committee at the meeting on 16 February 2023. From the feedback provided there was a reasonable level of assurance given the respective Cabinet Members and officers had a good understanding of their budgets and the potential risks to delivery. There was a reoccurring concern across the Sub-Committees about the capacity of the organisation to deliver the level of transformation planned in services, which was exacerbated by the challenges with recruiting and retaining staff. Reassurance was that this had been acknowledged and assurance was given that capacity restraints had been calculated into the process.

2.8. The Chairs of Children & Young People Sub-Committee and the Health & Social Care Sub-Committee advised that they had been reasonably reassured following their budget sessions, that that the services had a firm handle on their budgets and

would be able to deliver the proposed savings without significantly increasing the potential risk to the safety of service users.

- 2.9. The Chair of the Health & Social Care Sub-Committee provided further reassurance, highlighting that the Council has benefitted from a good working relationship with Croydon Health Service NHS Trust, which meant that many of the challenges facing other councils and local NHS hospital trusts such as bed blocking or long waits for operations were not such a threat locally. That said, threats to Croydon remain, especially workforce issues within the health and care system, with a sustainable workforce plan needed.
- 2.10. A full summary of the conclusions reached by the Scrutiny Sub-Committees, along with those from earlier budget scrutiny items considered by the Scrutiny & Overview Committee can be found attached at Appendix A.
- 2.11. As it was known that the report on the Administration's budget would not be available until 14 February 2023 (two days before the Committee meeting) a briefing was arranged for the Committee members with the Section 151 Officer on 15 February to provide an overview of the budget and answer questions arising from the Committee. The Committee appreciates the difficulty of circulating a budget before hearing from third parties about settlements, but it was emphasised that in future the chance to at least look at drafts would help the Scrutiny process do a better job.
- 2.12. On 15 February 2023 the Committee held an online Question and Answer session for members of the public, which gave residents the opportunity to question the budget proposals. The purpose of this session was to allow the Committee to learn about the main concerns of the public on the proposed budget, which could then be used to inform the questions of the Committee at its Budget Scrutiny meeting on 16 February 2023. From the session with the public the following common themes were noted: -
- Why was a 15% Council Tax increase being proposed and how had the Council been allowed to make the increase without the normal requirement for a referendum on increases above 5%?
  - Why should the residents of Croydon have to pay to rectify the mistakes of others?
  - What was being done to hold those responsible to account?
  - What support would be available for those unable to afford the increased payments, with concern about the use of enforcement.
- 2.13. The Committee would like to give its thanks to the Cabinet Member for Finance, Councillor Jason Cummings and the Corporate Director of Resources and Section 151 Officer, Jane West, for giving up their time to attend this meeting and answer the public's questions.

- 2.14. The final meeting in the budget scrutiny cycle was held on 16 February 2023. At this meeting, the Committee considered the budget report presented before Cabinet to finalise its conclusions on what was proposed. The conclusions of the Committee are set out in the next section of this report.

### **3. CONCLUSIONS OF THE SCRUTINY & OVERVIEW COMMITTEE ON THE BUDGET 2023-24 PROPOSALS**

- 3.1. At the meeting on 16 February 2023, the Committee had the opportunity to question Croydon's Mayor, Jason Perry, the Cabinet Member for Finance, Councillor Jason Cummings, the Chief Executive, the Corporate Director for Resources and other Members of the Corporate Management Team on the Mayor's budget proposals. The questioning of the Committee focused on five key themes, which were the Council Tax increase, Debt, Risks, Savings & Safety and Transformation. From its questioning, the Committee was looking to reach a conclusion on the following areas:
1. Are the savings deliverable, sustainable and an acceptable level of risk?
  2. Is the impact on service users and the wider community understood?
  3. Have all reasonable alternative options been explored and do no better options exist?
- 3.2. From its consideration of the budget there was a consensus that in the short term, the proposed budget for next year had been based on prudent assumptions, that it was conservative with a small "c" and from the information provided, it was reasonable to conclude that it was deliverable. It was agreed that it could be taken as a positive example of the changing culture of the Council, that its development had been based upon a worst case scenario approach, rather than being planned with an optimism bias of delivery. The Committee noted that there are still outstanding issues that might present a significant risk to the delivery of the budget for next year, particularly the three years of outstanding accounts.
- 3.3. The Committee was reasonably reassured that the budget proposed was safe and that there were sufficient controls within the Adult and Children's services to mitigate as far as possible any potential risk to service users. It was accepted that there would always be a certain level of risk within these services that required active monitoring and management on an ongoing basis.
- 3.4. The biggest risk to 2023-24 budget at the time of the meeting was that the Government had not given any indication on whether it would be granting the Council's request for capitalisation. Given the Council has a statutory deadline of 11 March 2023 by which it must have agreed its budget, it was far from ideal that there had not been any indication received from Government on the outcome, particularly as this would determine the Council's ability to set a balanced budget for 2023-24. It was appreciated that further assurance on this could not be provided by those present and this was the reason why the Committee had extended an invite for a representative from the Department of Levelling-up, Homes and Communities to attend the meeting, which had disappointingly not been taken up.

- 3.5. Although it was concluded that the proposed budget was built on coherent and sensible assumptions that built in contingencies for risks over the next year, concerns were acknowledged about the Council's long term debt problem and its sustainability as a local authority, which could not be solved by this budget or by the Council alone. Key to this was the Government's response to the request to write-off part of the Council's debt, as without this being agreed the cost of servicing the debt placed an unsustainable burden on the general fund revenue budget. The reassurance given by the Mayor that both the political and officer leadership of the Council were actively engaging with Government on this issue was welcomed. However, given it was acknowledged that there was currently no legal framework for writing off local authority debt and no indication had been given that it would be permitted, the debt would remain a serious risk to the long-term health of the Council and its ability to become financially sustainable.
- 3.6. One of the main areas of discussion for the Committee was the proposed 15% Council Tax increase. Half the members of the Committee, including the Chair, had outstanding concerns about whether increasing Council tax by the full 15% was the only option, especially when other local authorities given permission to exceed the Council Tax cap would not be setting rates this high. It was accepted that some increase in Council Tax may well be needed to help the Council balance its budget, but some members of the Committee did not feel that the report presented sufficient justification as to why it had to be 15%.
- 3.7. The other half of the members of the Committee felt that they had been presented with reasonable justification for the proposed increase and that given the circumstances facing the Council there were no other viable alternatives.
- 3.8. Given the Council had only received confirmation from the Government that it would be allowed to make a 15% increase to Council Tax on 6 February 2023, it was accepted that there had been little time to engage with residents on the increase. However, it needed to be acknowledged that the proposed increase would have significant financial consequences for Croydon residents already struggling in a cost of living crisis and that they may feel unfairly punished for past mistakes that were not theirs.
- 3.9. As there had only been a short period of time to analyse the impact from the proposed 15% Council Tax increase, the Committee concluded that further analysis was urgently needed to understand the potential scale of this impact. It was also suggested that some mention of an increase in Council Tax could have been mentioned in the Council's formal survey given it was one of the options being considered. Residents from Scrutiny's public Q&A repeatedly stressed that they felt their views had not been taken into account.
- 3.10. As the criteria for the £2m Hardship Fund, that was being introduced to mitigate against the potential impact of the Council Tax rise, was in development, the Committee welcomed confirmation that there would be an opportunity for it to review the proposed scheme before it is launched to gain reassurance that it would be able to reach the residents who needed it the most. Confirmation from the Cabinet

Member for Finance that the scheme would continue to be closely monitored and reviewed to ensure it was targeted correctly was welcomed.

- 3.11. It was highlighted that some of the residents who would most need to access the Hardship Fund could also be the hardest to reach. As such careful consideration needed to be given as to how the availability of the fund was communicated to residents and the routes to access the fund needed to be made as straightforward as possible, with a preference towards automatic entitlement rather than the need to go through applications.
- 3.12. In reaching the above conclusions on the proposed budget, the Committee would like to highlight that their views have been based upon the assumptions set out in the Cabinet report, including that there would be a positive outcome to the Council's request for capitalisation from the Government. The Committee would ask for the opportunity to revisit its recommendations should the Government's response significantly vary from the assumptions made in the budget report.

## **4 APPENDICES**

- 4.1. Appendix A: Conclusions from Previous Budget Scrutiny items considered by the Scrutiny & Overview Committee & Sub-Committees

## **5 BACKGROUND DOCUMENTS**

- 5.1. None



## Appendix A

### Scrutiny & Overview Committee

16<sup>th</sup> February 2023

#### **Budget Scrutiny 2023-24: Conclusions from Previous Budget Scrutiny items considered by the Scrutiny & Overview Committee & Sub-Committees**

---

#### **Scrutiny & Overview Committee – 6 December 2022**

#### **2023-24 Budget Update, Medium Term Financial Strategy and Savings Proposals**

1. The Committee was highly concerned that the Council had the potential to become stuck in a 'debt trap' and agreed that it endorsed the efforts of the political and administrative leadership in focussing on reducing the Council's debt with support from national government, as without support in this area it was difficult to envision how the Council could become a sustainable authority in the long term.
2. The Committee was concerned that this year's budget was being drafted on a series of Microsoft Word and Excel documents, and strongly welcomed the Council's intention to move towards a more professional system of budget recording next year, which it believes is imperative.
3. The Committee noted that work continued towards the integration of the full range of functionality within the Fusion finance system, to ensure it was delivering the maximum benefit for the Council.
4. The Committee wanted to see more detail about the transformation projects proposed, as the projects listed often felt more like 'salami slicing' rather than true transformation. The Committee also wanted more reassurance that the Council would be able to meet the scale of transformation needed to achieve financial sustainability with the capacity constraints that it currently has.
5. The Committee agreed that it would look in further detail at one or two of transformation projects proposed in the Cabinet report, at its January meeting to provide reassurance that a robust framework was in place for these projects including ensure they were properly resourced and at their conclusion could provide a definitive evaluation of their success.
6. Although the Committee accepted the rationale for and the explanation of the timeline leading up to the Section 151 Officer issuing the Section 114 notice for 2023-24 budget year, some Members of the Committee felt there could have been additional emphasis placed on highlighting the potential risk of the Council needing to issue another Section 114 earlier in the year as contributory risks materialised.
7. The Committee welcomed confirmation that the Council would be engaging with the Audit Reporting and Governance Authority to provide reassurance that the Council was taking a best practice approach to its financial processes.

8. The Committee also welcomed confirmation that the Council had started to engage with London Councils on using London-wide data to inform modelling of future parking income.

### **Scrutiny & Overview Committee – 30 January 2023**

#### **Voluntary, Community & Faith Sector Support**

1. The Committee welcomed confirmation from both the Council and Croydon Voluntary Action of their commitment to building a deeper relationship between the Council and the important voluntary, community and faith sector in our borough.
2. There were serious concerns flagged about the risk that the new ways of working with the voluntary, community and faith sector would be in place in time to support some of the organisations with the transition away from the funding provided by the Community Fund when it ended in March 2023. Given the risk that some community groups may not be able to adapt to the new arrangements in time, the need to implement tangible support plans needed to be a priority and treated with urgency to prevent the risk to services and activities being lost.
3. The Committee welcomed the commitment to looking at creative ways of providing support to the sector, particularly reviewing the use of social value in contract arrangements.

#### **Transformation Project Deep Dives**

1. It was accepted that the two projects reviewed by the Committee were still in their infancy and in the process of being mapped out. This meant that any assurance on these projects would need to be reserved until further information was available.
2. The Committee would like to see further evidence of the transformation programmes being mapped out with key milestones and time lines, once available. This will provide reassurance that processes are being followed and enable the Committee to hold people to account through timetabling further scrutiny at the appropriate time.
3. The Committee welcomed confirmation that work was underway to map out the Council's contracts, as this was an area of work that had previously been flagged as a concern by Scrutiny.
4. Confirmation that that the Programme Management Office was leading a project to introduce a new project management system was welcomed, as improved reporting was essential to ensuring there was a robust monitoring system in place.
5. Confirmation was welcomed that the savings targets attributed to the transformation projects in the 7 December 2022 Cabinet report had not been included the 2023-24 budget unless it was clear how it would be delivered.
6. It was agreed that a range of intended outcomes for the transformation projects, beyond purely financial savings, needed to be set out during the mapping phase of each project to ensure clarity of purpose.

## **Children & Young People Sub-Committee – 17<sup>th</sup> January 2023**

### **Budget Scrutiny Challenge**

1. The Sub-Committee were reassured by the answers provided by officers during the meeting.
2. The Sub-Committee welcomed the possibility of a transformation project looking at expanding the offer at Calleydown Residential Home.
3. The Sub-Committee acknowledged the demand led nature of the services provided by the Children, Young People and Education Directorate and were reassured that officers were managing this well with the information that was available.
4. The Sub-Committee were encouraged by the work being done in the three areas that had been presented but acknowledged that services were in new territory as recovery from COVID continued.
5. The Sub-Committee were hopeful that the departments succeeded in delivering the budget and intended savings for 2022/23 and 2023/24 and were encouraged that this was on track from the discussion in the meeting.

## **Health & Social Care Sub-Committee – 24 January 2023**

### **Adult Social Care & Health Directorate - Budget & Performance**

1. The Sub-Committee were of the view that the Adult Social Care and Health directorate were in a reasonably strong position in managing its budget.
2. The Sub-Committee were of the view that the Corporate Director for Adult Social Care and Health had a good understanding of the risks involved in delivering the 2022/23 and 2023/24 budgets.
3. The Sub-Committee were confident that the Adult Social Care department were on track to deliver the 2022/23 budget.
4. The Sub-Committee were of the view that, as discussions on other options were ongoing, they could not reach a view on whether better options for savings existed.
5. The Sub-Committee were of the view that the Cabinet Member and department understood the impact of savings proposals on service users and the wider community.
6. The Sub-Committee were of the view that proposed budget for 2023/24 appeared to be deliverable, sustainable and did not present an unacceptable risk.

## **Streets & Environment Sub-Committee – 30<sup>th</sup> January 2023**

### **Budget Scrutiny Challenge**

1. The Sub-Committee thanked officers for the detailed report and responses to Members questions in the meeting.
2. The Sub-Committee acknowledged that adequate staffing and resourcing in all three department areas covered in the report was vital to ensure that there was sufficient capacity to deliver transformation plans alongside statutory duties.
3. The Sub-Committee were of the view that officers and Cabinet Members had a good understanding the risks in delivering the 2023/24 budget and that sufficient mitigations and risk management was in place.
4. The Sub-Committee acknowledged that difficulty in recruiting to posts across all three service areas impacted on service delivery.
5. The Sub-Committee were of the view that they would like to scrutinise how fee income targets were calculated at a future meeting.

## Homes Sub-Committee – 6 February 2023

### Update on the Housing Revenue Account and Housing General Fund Budget

The conclusions of the Homes Sub-Committee were reported to the Scrutiny & Overview Committee during the meeting on 16 February 2023.

#### Homes Sub-Committee meeting on 6 February 2023

1. The Sub-Committee concluded that there was insufficient budgetary detail provided in the report to enable it to reach a decision on whether it was reassured on the deliverability of the budget.
2. As such, it was agreed that a briefing would be arranged for the Sub-Committee to seek further assurance on the budget. The outcome from this session would be reported to the Scrutiny & Overview Committee on 16 February 2023, to inform its consideration of the wider Council budget.

#### Briefing – 14 February 2023

3. Although it was noted that there was a current overspend of £4.6m the Housing Revenue Account (HRA) revenue budget, the Sub-Committee agreed that the Service had a good understanding of the reasons for this, which included rising utility costs, increased in legal disrepair costs and void rents.
4. Due to the work on the HRA recharging issue the revenue budget was likely to be balanced at the year end. However, without the recharge correction, it was reasonable to assume that reserves would have been used to cover the overspend. As the current level of reserves held for the HRA are healthy, this could have been managed as a one-off.
5. The Sub-Committee was reassured that most of the above causes of the overspend had been incorporated within the HRA revenue budget over the three year period of the Medium Term Financial Strategy, but there was a concern about the possibly optimistic assumption made for inflation on expenditure from April 2023 being set at 8% and at 3% from April 2024, given current levels of inflation exceeded 10%.
6. The Sub-Committee recognised that a significant amount of work had been invested in understanding the full scale of the issues related to the historic recharging to the HRA and the Sub-Committee understood the reasons for the readjustment included rightsizing corporate costs. However, further work was required to ensure that costs had been properly recharged from individual services' service level agreements, with a further update requested by the Sub-Committee on this work.
7. The Sub-Committee accepted that the future budgets presented to them adequately accounted for the future needs of the service, including the planned transformation work. However, there remained a concern about whether there was sufficient capacity within the Service to deliver the scale of transformation planned.

8. The Sub-Committee accepted that while not ideal, the current HRA Business Plan including its capital programme was based on a 5% sample of housing stock as an initial starting point and focussed on clear priorities such as buildings at the end of life, large panel systems and large scale disrepair. Confirmation was welcomed that going forward the Business Plan would be informed by an ongoing programme of stock condition surveys.
9. The Sub-Committee welcomed the approach not to pursue further borrowing over the next couple of years, considering the healthy reserve balance. It was also reassured that the future capital programme included a healthy budget to manage the upcoming legislative building safety changes.
10. The Sub-Committee questioned whether, considering the rising cost of utilities, further resources could have been allocated to the Net Zero workstream beyond the £1m allocated in the capital budget.
11. The Sub-Committee recognised that Housing General Fund activities, mainly homelessness and temporary accommodation services faced significant challenges with demand outweighing supply.
12. The Sub-Committee noted that the Council had been facing a significant reduction in its Homelessness Prevention Grant, but following lobbying from London Councils, this decision had been reversed and an additional winter pressures grant provided, which had helped to minimise the overspend for these services.
13. The Homelessness Prevention Grant was below the needs of the Council and as the Winter Pressures Grant was a one-off, it was agreed that the Council should continue to lobby Government for additional support to manage the homelessness pressures in the borough.
14. The Sub-Committee recognised the placement by other boroughs of people in to temporary accommodation in Croydon created a significant cost pressure for the Council and welcomed confirmation that the Council was actively engaging with these authorities to manage this issue.
15. The Sub-Committee welcomed the strand of the Transformation Programme which aimed to refocus the Service towards homelessness prevention, as this would help to reduce expenditure on temporary accommodation. However, due to the wider issue of poor quality data in the service, which was being addressed, it was recognised that some of the assumptions could not be more robust.
16. The Sub-Committee welcomed confirmation of one-off Public Health funding to allow the service to take a more holistic approach to alcohol and substance abuse issues. Confirmation of a Government grant to support the Council to meet its statutory duties towards domestic abuse victims was also welcomed, particularly as Croydon had one of the highest levels of domestic abuse in London.

