

# Scrutiny & Overview Committee Agenda



To: Councillor Sean Fitzsimons (Chair), Councillor Robert Ward (Vice-Chair), Sherwan Chowdhury, Jerry Fitzpatrick, Joy Prince and Andy Stranack

Reserve Members: Richard Chatterjee, Felicity Flynn, Maddie Henson, Stephen Mann, Stuart Millson and Callton Young

A meeting of the **Scrutiny & Overview Committee** which you are hereby summoned to attend, will be held on **Tuesday, 30 October 2018** at **6.30 pm** in **Council Chamber - Town Hall**

Jacqueline Harris Baker  
Director of Law and Governance  
London Borough of Croydon  
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Monday, 22 October 2018

Members of the public are welcome to attend this meeting. If you require any assistance, please contact the person detailed above, on the righthand side.

N.B This meeting will be paperless. The agenda can be accessed online at [www.croydon.gov.uk/meetings](http://www.croydon.gov.uk/meetings)

## **AGENDA – PART A**

**1. Apologies for Absence**

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

**2. Minutes of the Previous Meeting (Pages 5 - 14)**

To approve the minutes of the meeting held on 4 September 2018 as an accurate record.

**3. Disclosure of Interests**

In accordance with the Council's Code of Conduct and the statutory provisions of the Localism Act, Members and co-opted Members of the Council are reminded that it is a requirement to register disclosable pecuniary interests (DPIs) and gifts and hospitality to the value of which exceeds £50 or multiple gifts and/or instances of hospitality with a cumulative value of £50 or more when received from a single donor within a rolling twelve month period. In addition, Members and co-opted Members are reminded that unless their disclosable pecuniary interest is registered on the register of interests or is the subject of a pending notification to the Monitoring Officer, they are required to disclose those disclosable pecuniary interests at the meeting. This should be done by completing the Disclosure of Interest form and handing it to the Democratic Services representative at the start of the meeting. The Chair will then invite Members to make their disclosure orally at the commencement of Agenda item 3. Completed disclosure forms will be provided to the Monitoring Officer for inclusion on the Register of Members' Interests.

**4. Urgent Business (if any)**

To receive notice of any business not on the agenda which in the opinion of the Chair, by reason of special circumstances, be considered as a matter of urgency.

**5. Question Time: Cabinet Member for Finance & Resources**

Question time for the Cabinet Member for Finance & Resources, Councillor Simon Hall.

**6. Co-operation and Social Enterprise in Croydon (Pages 15 - 30)**

The Committee is asked to review the Council's progress and commitment to in implementing the Cooperative Council's principles and explore examples of community led and focused organisations that are supported or have been set up by the Council.

**7. Exclusion of the Press and Public**

The following motion is to be moved and seconded where it is proposed to exclude the press and public from the remainder of a meeting:

“That, under Section 100A(4) of the Local Government Act, 1972, the press and public be excluded from the meeting for the following items of business on the grounds that it involves the likely disclosure of exempt information falling within those paragraphs indicated in Part 1 of Schedule 12A of the Local Government Act 1972, as amended.”

## **PART B**

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## Scrutiny & Overview Committee

Meeting of held on Tuesday, 4 September 2018 at 6.35 pm in Council Chamber - Town Hall

### MINUTES

**Present:** Councillors Sean Fitzsimons (Chair); Jerry Fitzpatrick; Stuart Millson; Joy Prince and Andy Stranack

**Also Present:** Councillor Hamida Ali, Richard Chatterjee, Jason Cummings, Patsy Cummings, Simon Hall, Yvonne Hopley, Gareth Streeter

**Apologies:** Councillor Sherwan Chowdhury and Robert Ward

### PART A

#### 12/18 **Minutes of the Previous Meeting**

It was noted that an amendment was required on minute 13/18 bullet point 4 to read Corporate Plan rather than Corporal Plan.

**Resolved:** That the minutes of the meeting held on 10 July 2018 were agreed as an accurate record, subject to the aforementioned amendment.

#### 13/18 **Disclosure of Interests**

There were none.

#### 14/18 **Urgent Business (if any)**

There were no items of urgent business.

#### 15/18 **Report of the Chief Executive / Head of Paid Service**

The Committee received a presentation from the Chief Executive and Head of Paid Service of Croydon Council, Jo Negrini, which covered the proposed new operating model and an update on staffing at the Council.

A key activity at present for the Council was the production of the new Corporate Plan, which would be considered by the Cabinet at their meeting on 28 September. This would set out the priorities for the next four years and reflected commitments made in the Labour Manifesto. The purpose of the new operating model was to set out how these priorities would be achieved. During the course of the Chief Executive's presentation the following points were noted:-

- It was estimated that the population of Croydon would grow to 445,000 by 2031. This would mean that it was growing faster than most of other areas of London. Croydon also had the youngest population of any London borough.
- Croydon was cited in both the Local Enterprise Partnership for London and the Coast to Capital Local Enterprise Partnership as a key economic area.
- £105m had been removed from the base budget since 2011/12 and when countered against a rising demand for services from local residents provided a significant challenge. This meant that the Council had to rethink how it could deliver its services differently, such as working with people at an earlier stage and ensuring that the different services offered across the Council were coordinated.
- Over the past 12 months the Council, in conjunction with the NHS, had conducted a major data gathering exercise to establish which services were most used by residents across the Borough, with a view to establishing how best to preventing issues becoming more serious problems.
- Analysis of the data had demonstrated that different parts of the Borough had significantly varying needs which would enable the Council to focus services to where they were most needed.
- Through this process it had become clear that there was a need for increased collaboration with partners, such as the NHS and community groups, to ensure that all available money was being spent on the key priorities for the borough. It would also be essential to involve residents in the design and delivery of services to gain public buy-in of the new model.
- As part of the process the organisational design of the Council was being reviewed, with a different model of working being trialled to establish whether it would achieve the intended outcomes or not. This new model would be tested in three localities in the Borough, namely Thornton Health, New Addington and Coulsdon.

It was questioned how Members would be given the opportunity to feed into the process of developing the new operating model. It was confirmed that Officers had been working with the Administration on the development of the new operating model, but once work started on the design and delivery of services in localities across the Borough Officers would also increasingly work with local Ward Members.

As a follow up, it was questioned how Cabinet Members would retain an overview of what was being implemented. In response it was confirmed that Cabinet Members would be provided with regular updates including performance information on the areas within their Portfolios.

Given the potential scope of the new operating model, it was questioned how this would impact upon other existing areas of the Council's business. In response it was highlighted that it had been a conscious decision to introduce the new model initially through pilot schemes so as not to impact upon the other good work of the Council. This would allow the Council to test the potential benefits of the new operating model and provide stability before consideration was given to a more fundamental change.

In response to a question about the cost of implementing the new pilots, it was confirmed that at this stage the only additional revenue resource was for a dedicated programme director, as the pilots would be operated within existing teams. There may need to be some capital expenditure to ensure that the right hub was available at each of the three pilot locations.

It was questioned whether the Council had the appropriate facilities to host the pilot schemes in the three aforementioned locations. It was highlighted that a key criteria for any building would be flexibility, as it was not about making mini-Council offices. It was more likely that the hubs would involve some form of co-location with partners or through the use of existing facilities such as libraries.

It was noted that one of the themes of the Labour manifesto was empowerment and providing people with the opportunity to have control over their own lives. Although it was acknowledged that it could be viewed as an underlying theme across the Corporate Plan, it was suggested that further thought should be given to strengthening this theme by including it as a separate priority within the Corporate Plan.

In response to a question about how the new operating model would allow services to be responsive to local need, it was highlighted that successful delivery would be dependent on the information and data available for each area. At present the Council delivered a one size fits all service. If the pilots were successful then it could be transformative with services designed specifically for local areas.

There was a concern that the model could be taking a too top down approach and as such it was questioned how input from local residents could be used to inform services. In response it was highlighted that any project from the Council would initially start out from a top down approach, but with locality based work, it would allow officers to learn from the experience of residents and build trust within the local community.

In response to a question about the different types of information used to inform the database for the project and whether research from the Fairness Commission had been included, it was advised that a wide variety of information was being used. Information provided by Councillors on their local areas would also form a valuable source of information for the project as it developed.

It was highlighted that being able to communicate the new approach to local residents would be key to the new model, as it was essential to take people

along with the Council to ensure successful delivery. The pilots would give the Council the opportunity to develop new methods of communication with local communities on a smaller scale.

In response to a question about the potential risks, it was highlighted that although the long term future for public services was largely unknown, it was likely that greater collaboration would be essential. There were also other unknowns such as the impact of Brexit, which meant that public services would need to be more creative about how services were delivered going forward.

From the section of the Chief Executive's presentation focusing on the Council's staff, the following points were noted:-

- The Council employed 3,132 members of staff, 66.19% of which were female, 56.19% were Black, Asian and minority ethnic (BAME), 8.17% had a declared disability and 5% had a declared sexual orientation other than heterosexual/straight. However non-disclosure rates were 25%, which was considered to be high, with an aim to get this closer to 10%.
- The last Staff Survey had been carried out in January 2018 and had a response rate of 75%, which was particularly encouraging in light of the 46% response rate of the previous survey in 2014. Highlights from the survey included 88% of staff recommending Croydon Council as an inclusive employer, 92% of staff feeling valued by their team and 87% of staff feeling valued by their line manager.
- From the Survey, there appeared to be a concern amongst staff that there was limited opportunity for upward progression within the organisation with only 23% of staff feeling supported in their career progression. It was highlighted that work had been undertaken to improve access to secondments and provide increased opportunities for staff to act up, but it was recognised that this work would benefit from greater coordination.
- There was also a view that some of the HR policies and practices were inconsistent and as such the staff networks would be involved in helping to address some of the identified weaknesses within the organisation.
- A new appraisal process had been implemented for staff. Previously appraisals had been linked to pay increases, but were now much more focussed upon good conversations with staff. The current appraisal rate was 88%, but it was acknowledged that this still required improvement.
- A lot of work had been put into updating the Council's diversity training, including the recent roll out of unconscious bias training, with a view to tackling issues on BAME and disability employment.



- Four separate Leadership Development Programmes had been developed, namely the Leadership Programme for Croydon, Leadership Effectiveness and Career Development for BAME Staff, Women's Leadership Development Programme and Realising your Potential and Career Development for Aspiring BAME Managers. To date there had been 224 participants, including 120 BAME staff, with 42% of the graduates successfully achieving career progression. The Council was also in the top 30% of employers in the Stonewall Workplace Equality Index.

The Chairman of the Committee, Councillor Sean Fitzsimons, thanked the representatives from the Staff Networks for their attendance and asked what the most important issues were for the members of their networks. The representatives from the both the Carers and Women's Network advised that the consistent application of the agile working policy was the most important issue for their members. The representative from the BAME network advised that the most important issue for his members was the opportunity for progression within the organisation.

As a follow up, it was questioned whether the Groups felt that progress had been made to deliver improvements on these issues. It was advised that senior officers were aware of the consistency issues around agile working and steps were being taken to introduce improvements. It was also advised that the Women's Network would be looking to survey their members to gain a greater understanding of how the policy was implemented at a local level. The BAME Network representative highlighted that there had been improvements for staff career progression opportunities with the introduction of the leadership programmes, a mentoring scheme and increased secondments opportunities.

Given that the Ofsted report had presented a different view of staff morale, it was questioned whether the Staff Survey results provided a true reflection of staff views. In response, it was highlighted that the return rate for the Staff Survey had been 75%, with a good range of responses from across the Council. It was advised that senior management was aware that there had been an issue with staff not receiving appraisals, which fed into the issues raised by Ofsted.

The improvement to representation within the workforce of the Council was welcomed by the Committee and seen as very encouraging.

In response to a question about whether agency staff had been given the opportunity to complete the Staff Survey, it was confirmed that they had, but the responses for these staff had not been separated from other staff for the purposes of the meeting, but could be made available to the members of the Committee.

The use of agency staff was highlighted as a potential concern, particularly whether these staff would have the same awareness of the corporate ethos as permanent staff. As such it was questioned how it could be ensured that agency staff were instilled with the corporate approach? It was advised that in

some areas of the Council, such as Children's Services there was a high proportion of agency staff employed, who were often on higher wages than permanent staff, which brought challenges. A requirement for agency staff to have supervisions had been brought into effect, which would help to ensure that they were familiar with the ethos of the organisations. A focus was also placed on temporary staff becoming permanent through providing support and opportunities for career progression at the Council.

It was noted that a Back to Basics initiative was being planned and as such a future update was requested once available.

It was requested that it would be useful to have a follow up report on staffing at the Council in twelve months, including an further information on the level of agency staff employed and an update from the Staff Networks.

### **Conclusion**

Committee welcomed the report, and proposed pilots to test the proposed New Operating Model.

Committee also welcomed the improvement in staff satisfaction and the actions taken to achieve this, in particular we welcomed the active engagement of the staff networks, and acceptance that previous organisational restructuring hadn't worked.

### **Recommendations**

1. That the Cabinet gives further consideration to how the Labour Manifesto pledge to empower local people and communities can be made more explicit within the new Corporate Plan priorities.
2. That detailed analysis from the staff survey, providing information on a departmental level and also relating to Agency staff is shared with the Members of the Scrutiny & Overview Committee.
3. That further information is provided to the Scrutiny & Overview Committee on the outcomes from the Back to Basics initiative, once it is available.
4. That a further report on staffing be brought back to the Scrutiny & Overview Committee in 12 months.

#### **16/18 Work Programme 18/19**

The current work programme for 2018/19 was agreed.

#### **17/18 Update on Financial Strategy 2018/22 - Asset Investment**

The Cabinet Member for Finance and Resources, Councillor Simon Hall, introduced the report, highlighting to Members that it had been a priority in the Labour Party election manifesto to use the borrowing power of the Council to improve service delivery and increase income generation. The Asset

Investment Strategy set out in the report formalised this commitment using a balanced approach.

The Executive Director for Resources advised that local authorities were increasingly pursuing property investment as a means of increasing income and as such the different approaches employed by other authorities had been used to highlight best practice in designing the Council's own strategy as well as being informed by the framework provided by the Chartered Institute of Public Finance and Accounting (CIPFA).

The Chairman, Councillor Sean Fitzsimons, welcomed the paper, but questioned whether it linked into the Council's strategy for dealing with its existing debt. In response it was confirmed that a key intention of the Strategy was for each investment to deliver a net income above the cost of borrowing. It was not expected that this would lead to an additional burden on Council Tax Payers, with the risks carefully reviewed before any decision to proceed on each purchase.

As a follow-up it was questioned whether there were the requisite skills with the Council to build and manage an investment portfolio. It was confirmed that an element of professional advice would be required on each decision and some investments may be in need of a strong asset management presence which would need to be bought in and factored into the costs. The Council does have a certain level of expertise in this area within the workforce, but it additional support would need to be brought for the more technical aspects.

The Cabinet Member, Councillor Simon Hall, highlighted to the Committee that there were risks in pursuing this approach, which increased as more was invested, even with a balanced portfolio. It was also highlighted that there would be a focus within the strategy of pursuing investment opportunities within the borough, unlike some other local authorities who invested across a wide geographical area.

The main risk factors were questioned along with the Council's ability to mitigate against any such risks. It was confirmed that any valuation report on an investment would include a number of different valuations including redevelopment for other uses. Additionally the risks involved in each investment would be thoroughly reviewed prior to purchase and steps to mitigate against these identified where possible.

It was questioned whether the Asset Investment Strategy would have an effect upon the Council's ability to borrow to build public assets? It was highlighted that the Council was already borrowing funds to build new housing and that the intention of the strategy was to increase income for other options.

It was also questioned how the different factors were balanced when deciding if an investment should be pursued or not. It was advised that should one factor raise significant concern, then it may be enough to rule out an investment, but it would need to be balanced against the other factors involved as part of the whole picture.

Although the decision to focus on investment within the Croydon area was welcomed, it was also highlighted as a potential risk should the property portfolio become too heavily focussed in a small area. In response it was confirmed that most local authorities would be predominantly invested in their local area, but this would be factored into the risks considered as part of any investment. It was highlighted that the Council did have a more diverse investment portfolio in the Council's pension fund. It was also highlighted that property in Croydon was relatively cheap in comparison with much of London

Although the principles underlying the strategy received a general level of support amongst the Committee there was concern raised about the transparency of the process and in particular how Members of the Opposition would be kept informed of investments and whether the process would benefit from greater oversight.

In response it was confirmed that in developing the Asset Investment Strategy it had been designed to address these concerns, however there was an issue relating to the short timescales for commercial negotiation that restricted the amount of consultation that could be arranged, but briefings on decisions could set up. As a solution it was suggested that it may be of benefit to brief lead opposition Members and possible the Chairman of the Scrutiny Committee prior to a decision being taken.

There was a general consensus that the ten criteria set out in the strategy provided a good basis for decision making, although there were differing views expressed on focusing investment solely in Croydon. There was a suggestion that an additional criteria to allow consideration of the reputational risks in certain investments should also be considered.

### **Conclusion:**

The Scrutiny Committee welcomed the report, and its explanation of the Council's proposed decision-making matrices, but we also note that it was produced after the first bid had been lodged, and without this paper it would not have been possible to judge the soundness of the acquisition.

### **Recommendation**

That the Cabinet improves how the Minority Group is formally briefed prior to decisions being taken on individual investments as part of the Asset Investment Strategy, and ensure the briefing is done early in the process.

Any future asset acquisition paper should refer back to the proposed matrices and the judgements the Council has made to recommend approval of the purchase.

18/18

### **Call-In : Acquisition of the Freehold interest in the Croydon Park Hotel as a commercial investment**

Councillor Andy Stranack introduced the Call-In item, outlining the reasons why the key decision to acquire the freehold interest in the Croydon Park

Hotel had been called in. These reasons included the decision being made over summer holiday period which raised concern over the transparency of the process, there did not seem to be a clear framework in place for the decision to be made, there was concern that the purchase was inconsistent with the budget and that it was not in keeping with Council policy.

The Committee agreed (3 votes for and 2 against) that it would review the decision and allocated 30 minutes for this item.

Councillor Simon Hall, the Cabinet Member for Finance and Resources, advised the Committee that in making the decision the risks and rewards had been analysed and it was felt that the property represented good value as an investment. The asset included a long lease with the current tenant and from the valuation it was estimated that the return would be in excess of £1m per annum over the cost of borrowing. There was also good potential for the future redevelopment of the site should the hotel no longer prove to be viable.

The Executive Director for Resources highlighted to the Committee that the existing Cabinet Asset Strategy, which was agreed in 2014, included provision for income generation, but Asset Investment Strategy (the previous item) had been brought forward to put a framework in place for future asset investment. The Efficiency Strategy also included provision for pursuing commercial opportunities and the investment would contribute towards the delivery of 2018/19 budget.

The Chairman outlined that having reviewed the process and the information provided it was for the Committee to decide the outcome of the call-in. It having been confirmed that there was an existing principal in place for asset investment, which was supplemented by the previous item on the agenda, the Committee would have to decide whether there remained valid reasons for the call-in based on the four criteria outlined in the original call-in request, namely:

- i) The decision is outside the policy framework;
- ii) The decision is inconsistent with the budget;
- iii) The decision is inconsistent with another council policy; and
- iv) Other:-

“The decision was not open and transparent. There has been no opportunity for questions to be raised by back bench Councillors and the public to verify compliance with policies and the budget, and that the purchase is a sound investment. ”

Councillor Jason Cummings raised concern that as the purchase was predicated on an expenditure of money to receive a return, the financial information provided raised questions about the tenants continuing ability to pay their lease. The accounts showed a loss of £290,000, with reserves of £140,000 and having previously been sold in July 2017 still showed a loss. As such it was questioned should the tenant default on their payments, if it would still be a good acquisition and how was the covenant strength rated?

The Executive Director gave reassurance that the company set up to manage the property had never been late in making their payments and there was no suggestion that they were struggling to pay. The new owners had made improvements to property and the valuation report provided valuations for other uses including redevelopment. The sale was being conducted on the open market with four other interested bidders.

It was also confirmed that the covenant strength provided was not a strong covenant strength. The strength was provided by the sites location and its redevelopment potential. The valuation took into account the weak covenant strength and that the tenant was fully paid up and looking to make further investment in the property.

Councillor Stuart Millson advised that he would be reluctant to support the Cabinet decision as he was concerned that the framework had not yet been adopted and as such felt the purchase to be premature. It was also felt to be questionable whether this particular investment was too much of a risk with public money.

On the basis that the information provided gave sufficient reassurance that the risks of the investment had be fully considered and that all points raised had been answered it was agreed that no further action was necessary and that the decision could proceed as originally intended (four votes in favour and 1 against).

**Recommendation**

That no further action is required and the decision can be implemented.

19/18 **Exclusion of the Press and Public**

Not needed.

The meeting ended at 10.55 pm

**Signed:**

**Date:**

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For general release

<b>REPORT TO:</b>	<b>Scrutiny and Overview Committee 30 October 2018</b>
<b>SUBJECT:</b>	<b>Co-operation and Social Enterprise in Croydon</b>
<b>LEAD OFFICER:</b>	<b>Emma Lindsell – Director of Economic Growth</b>
<b>CABINET MEMBER:</b>	<b>Councillor Manju Shahul-Hameed – Economy &amp; Jobs</b>
<b>PERSON LEADING AT SCRUTINY COMMITTEE MEETING:</b>	<b>Emma Lindsell – Director of Economic Growth</b>

<b>ORIGIN OF ITEM:</b>	This item was requested by the Chairman of the Scrutiny & Overview Committee.
<b>BRIEF FOR THE COMMITTEE:</b>	To review the council's progress and commitment to in implementing the Cooperative Council's principles. In addition it will explore examples of community led and focused organisations that are supported or have been set up by the council. Finally the report will briefly examine the activities of two other councils as examples of good practice.

## 1. EXECUTIVE SUMMARY

- 1.1 This document has been produced to support the Scrutiny and Overview Committee to investigate the performance of the council as a 'Cooperative Council'.
- 1.2 Cooperative, mutual and social enterprises contribute significantly to the UK economy. Croydon's economic picture is similar to the national one. There is thriving social enterprise sector, supported by the council in many ways.
- 1.3 Croydon is a Cooperative Council. These are councils who are committed to finding better ways of working for, and with, local people for the benefit of their local community. This is a new role for the council, which replaces the traditional top-down governance with decision-making structures based on local leadership and the ideas and actions of an empowered community.
- 1.4 In becoming a Cooperative Council, Croydon committed to 10 principles (Appendix 1). These principles cover areas ranging from shared decision making around commissioning and planning, to delivering social value through our

procurement strategies, to encouraging the delivery of public services through cooperatives and mutuals.

- 1.5 The themes and intentions of the principles are found throughout council policy, strategy and activity. For example it is integral to Croydon's Community Strategy and to maximising the Social Value gained from the council's purchasing power.
- 1.6 In terms of service delivery and ownership, cooperative councils believe in public ownership first and then cooperative models (such as cooperatives, mutual and social enterprises) as an alternative to privatisation. Croydon has two Credit Unions (member cooperatives) providing ethical savings and lending to residents. (see section 2.4.5) Also, in 2014 the council set up Octavo, a mutual, to provide schools services as an alternative to making large scale redundancies and contracting a private provider (see section 2.4.4). The council has also dedicated resources to supporting social enterprises, such as Cooperatives, CiCs and other businesses focused on providing social benefit.
- 1.7 Other councils have implemented the cooperative council principles in different ways. For example Preston City Council's approach to community wealth building and Glasgow City Council's Co-operative Development Unit.
- 1.8 Croydon Council has an ongoing commitment to empowering the local community in decision making and policy development. Further strategies will be implemented in the next 5 years to enhance the ability of the community to take ownership of assets and funding. In addition the council will support the future growth in the number and range of social enterprise, cooperative and mutuals.

## **Corporate Policy/Policy Context**

### **2. Co-operation and Social Enterprise in Croydon**

#### **2.1 Economic Landscape**

- 2.1.1 Social enterprises are an important part of the national and local economy, providing innovative, community-based solutions to environmental and social issues. Their managers and workforce are more representative of the general population than non-social enterprises. According to the most recent figures from the government<sup>1</sup>, the Social Enterprise sector now accounts for 9% of the small business population, employing 1.44 million people. Social Enterprise UK estimates the startup rate is three times that of mainstream SMEs. Social Enterprises can be set up in a number of organisational models, which include CiCs, Mutuals and Cooperatives.
- 2.1.2 There are more than 7,000 independent co-operatives across the UK, working in all parts of the economy. Together they contribute £36.1 billion to the British economy. (Co-operatives UK).

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[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/644266/MarketTrends2017report\\_final\\_sept2017.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/644266/MarketTrends2017report_final_sept2017.pdf)



## 2.2 A Cooperative Council

- 2.2.1 Cooperative Councils aim to build a partnership of equals with the local community, based on a shared aims and expected outcomes. Working together communities, councillors, large public sector partners and the council can create local jobs, tackle inequality and keep wealth circulating in the local economy. Cooperative Councils look at ways to empower their local community and help them find answers to local problems. Answers which may include things such as transfer of assets to the community, devolving of budgets and participatory budgeting.
- 2.2.2 In becoming a Cooperative Council, the council has signed up to principles outlined by the Co-operative Councils Innovation Network (appendix 1). These principles cover areas ranging from shared decision making around commissioning and planning, to maximising social value through our procurement strategies, to encouraging the delivery of public services through cooperatives and mutuals.

## 2.3 The Implementation of the 10 Principles

- 2.3.1 Social partnership, democratic involvement and involving residents in the co-design of services are the first three principles. In Croydon's Community Strategy 2016-21 the council has prioritised involving the borough's residents, local groups and community organisations in decision making, and the involvement of social enterprises in service delivery. This has been evident in many areas of council work.
- 2.3.2 'Get Involved' is a website created by the council to engage residents in decision making. The activities and events it promotes are intended to involve them in the co-design of services. This is where consultations and surveys are launched and the results are published. For example the council are currently seeking opinions on the Evening and Night Time Economy and will consult on the strategy when it is developed as a result. Also, currently on the web site are consultations on changes to school admissions policies and the development of new football facilities at Purley Way Playing Fields and Ashburton Playing Fields.  
(<https://getinvolved.croydon.gov.uk/KMS/news.aspx?LoggingIn=tempVar&strTab=Home>)
- 2.3.3 The support provided to *We Love SE25* is another example of the council engaging the community in decision-making. Their strap line 'Taking control of our own destiny' is a perfect example of the cooperative principles in practice. As a result of a small initial grant from the council, officer and councillor involvement, a huge range of people in the South Norwood area have been engaged in deciding how resources should be used for the benefit of the local area. A Community Development Plan has been written and *We Love SE25* is formally representing the community and helping the council to further devolve decision-making. The group has extensive plans for the redevelopment of South Norwood which are being implemented in partnership with the council. In addition they are planning a publicity campaign to highlight the strengths of the area to the local community to encourage the use of local facilities and businesses. It is intended that there will be many groups developing local plans

across Croydon with the help and support of local Councilors and council officers.

- 2.3.4 Croydon Council is fully implementing the Cooperative Council principle around providing an environment for social enterprise to thrive. The borough's 2040 vision sets out the aim to become 'An Enterprising Borough'. Part of this is the strategic aim to support the local business community and third sector to develop a thriving local economy.
- 2.3.5 Croydon is nationally recognised as an area of good practice in relation to supporting social enterprise. In 2014 Croydon became the first London Borough to win *Social Enterprise Place* status.
- 2.3.6 The council provides local community businesses with an extensive support package. Social enterprises face similar problems to other small businesses in Croydon, such as difficulty in raising start-up capital and finding cheap office space. They also often have skills deficits in areas such as business planning, finance and the management of staff and volunteers. However, due to the social or environmental nature of their offer, social enterprises have additional challenges, such as higher costs and a reliance on public sector funding (60% of social enterprises reported having the public sector as a client as opposed to 43% of SMEs). Therefore they are more vulnerable to cuts in public sector funding and rising rents and business rates.
- 2.3.7 In order to support these enterprises Croydon Council and its partners provide an extensive range of support in the form of:
- Croydon Enterprise Loan Fund – offering loans to early start up and growth companies that cannot find capital in the private sector.
  - *Discretionary rate relief* – given on a case by case basis.
  - Advice and guidance from officers and partners.
  - Support for writing bids.
  - The Social Enterprise Network – with 60 regular attendees; open to any social enterprise which wants to start, develop or grow.
  - Social Saturday (13<sup>th</sup> Oct 2018) – A market place for social enterprises.
  - SEEK project- established to support people who are unemployed or economically inactive to set up new social enterprises and to gain the skills to move towards and into other employment opportunities.
  - SE Assist - a programme of support provided for the 3 years in partnership with Legal & General, Charities Aid Foundation and Coast 2 Capital.
- 2.3.8 Croydon has been held forth as a good example of a council that maximises the social value gained from its contracts. Value Croydon, launched in 2015, is our approach to delivering social value and supporting the local market to access

tender and sub-contracting opportunities with the Council and its contractor partners. We aim to ensure that the Council uses its purchasing power and contractual relationships effectively to maximise the social, economic, and environmental benefits achieved from all its commercial activity. Tenders and offers of support are promoted on the Value Croydon web site (<http://valuecroydon.com/>).

2.3.9 The council is committed to 9 commissioning principles outlined in its Commissioning Framework; one of the principles directly relates to the Cooperative Councils principle of co-production that the council is putting into practice ([https://www.croydon.gov.uk/sites/default/files/articles/downloads/Commissioning\\_framework.pdf](https://www.croydon.gov.uk/sites/default/files/articles/downloads/Commissioning_framework.pdf)).

“We will engage in open and honest dialogue with our communities about how and why we commission and be transparent with our processes, involving citizens, customers and service users in planning, designing, monitoring and evaluating our services.”

2.3.10 We work with our contactors and wider partners to maximise the social value offered for local people – with a strong focus on local job creation, economic growth, community wellbeing and environmental sustainability:

- We require our providers to pay the London Living Wage (LLW) - Of 56 Tier 1 contracts with a total annual value of £325m, 42 (75%) pay LLW; Of the 25% that don't pay LLW, some are long term contracts commissioned before we became a LLW employer; but we are negotiating to include this requirement.
- We require contractors to buy local:
  - We promote and open up business and supply chain opportunities for small local businesses, the voluntary, community and social enterprise sector.
  - Break down contracts if appropriate into smaller elements to allow smaller local firms, social enterprises and charities to bid.
- We require contractors to provide relevant social value and support them with council services to deliver them:
  - Willmot Dixon funds the Construction Academy in New Addington which will enable local young people to take up job opportunities created by the major regeneration work in central Croydon. They do this with the support of Croydon Works, the council's employment brokerage service.
  - Conway is offering apprenticeships and employing locals in all new jobs, again using Croydon Works. They are also being supported with the aim of buying local - we are helping them with information on Croydon companies.

2.3.11 Croydon's Commissioning Strategy commits to 'establishing a level playing field and minimising barriers for charities and social enterprises to enter into competition to run services'. 'Meet the Buyer' Events are held on a regular basis involving council contracts and the NHS. Further events are planned to broaden the range of anchor institutions and contract holders involved.

2.3.12 In order to create and maintain community wealth the council has introduced the *Croydon Good Employer Charter (GEC)*, which sets out practical ways by which Croydon businesses can contribute to creating a strong local economy. It encourages local businesses to:

- Pay Fair – pay the London Living Wage
- Employ Croydon – employ local using Croydon Works to offer jobs, apprenticeships and work placements to local people (500 have secured employment already).
- Buy Croydon – support the local economy by offering local supply chain opportunities – the Council will help firms find Croydon suppliers
- Be Better – implement best practice in fairness, equality and sustainability.

So far there are 40 accredited Good Employers and 47 organisations seeking accreditation. As part of planning obligations under s106, the council is asking developers to sign up as a Good Employer as part of commitment to the community; contractors also commit to the GEC.

2.3.13 Through Community Asset Transfers the council has transferred the running of several assets into the community. For example Stanley Halls in South Norwood is now being run by The Stanley People's Initiative. This is a group of residents from SE25 and the local area, who are now running Stanley Halls as a place of entertainment, arts, enterprise and learning for the community. Now a registered charity (number 1155680), The Stanley People's Initiative has a 35 year lease from Croydon Council; because they have a long term lease and charitable status the group can bid for grants and funding to upgrade the Halls and improve the services offered to the community.

## **2.4 Cooperatives, mutual and social enterprises in Croydon**

2.4.1 This section will explain what some of the main types of Social Enterprises are (Cooperative, Mutuals and CiCs) and give examples.

2.4.2 **Cooperatives:** Cooperatives are owned and run by their members. Members can be employees, customers, local residents, suppliers and/or a combination of these stakeholders. Members have an equal stake in how the business is run, including how profits are shared or reinvested. Coops intend on the whole to be run as a business and make a profit or at least cover their costs.

2.4.3 Cooperatives can take many legal forms. They can be incorporated (with limited

liability) or unincorporated. Unincorporated cooperatives can take one of four forms: they can be partnerships, Associations, Friendly Societies or Trusts. Successful co-operatives include John Lewis, Waitrose, The Cooperative Group.

2.4.4 A co-operative business is one that believes in the seven principles of co-operation.

1. Voluntary and open membership – people can join – and leave
2. Democratic member control – a co-operative is controlled by its members. Members' voices will be heard
3. Membership economic participation - any dispersed surpluses are distributed to members in proportion to their transactions/involvement with the co-operative. Members control the capital of the business
4. Autonomy and Independence – any joint venture entered into does not compromise the autonomy, independence or principles of individual members. Together, members are independent
5. Education, training and information – co-operatives promote the benefits of co-operation and educate and train their members and employees
6. Co-operation among co-operatives – co-operatives seek to serve their members by working with other co-operatives in all forms of joint trading
7. Concern for the community – co-operatives work for the sustainable development of their communities.<sup>2</sup>

2.4.5 A credit union is a financial co-operative which provides savings, loans and a range of services to its members. It is owned and controlled by the members. Each member has one vote and volunteer directors are elected from the membership, by the membership. Credit unions are owned by the people who use their services, and not by external shareholders or investors. One person's savings get lent to another and the interest paid goes back into running the union for the benefit of the members. Credit Union members have a 'common bond', which is often where they work or/and live and/or a connection to a particular community.

2.4.2 Croydon has two Credit Unions:

- **Croydon Plus** is based at Bernard Weatherill House and works closely with the Gateway team to support residents with ethical savings and loans. This credit union was set up in 1999 to meet the saving and borrowing needs of council staff. In 2004 membership was expanded to anyone living, studying and/or working in Croydon and in 2010 to Sutton and Merton. With nearly 6000 members, Croydon Plus is a medium sized Credit Union. Membership grows through word of mouth, a small amount of advertising and referrals from Gateway and partnership organisations.

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<sup>2</sup> <https://ica.coop/en/cooperatives/cooperative-identity>

- Set up in 1967 by Croydon's West Indian community, **Croydon Caribbean Credit Union** is based in Church Street in Croydon town centre. The union also provides a weekly service at West Thornton Community Centre. It set up in response to a community's difficulties with raising finance in the 1960s. This Credit Union is small with between seven and eight hundred members. Membership grows through word of mouth only. Until 3 years ago members had the common bond of living in Croydon and having a link with the Caribbean. However, since 2015 members have been able to live or work in Croydon and do not have to have a link with the Caribbean. The staff working in Church Street and the community centre are all volunteers recruited through the membership or with the help of the CVA. Croydon Council provides a grant to pay for the Croydon Caribbean Credit Union's offices.

2.4.3 To access lending from a credit unions clients are required to be members. In either of the two Croydon models, members need to show commitment to the union by saving before they are allowed to borrow money. However, with the support of Lloyds Banking Group Croydon Plus has been able to set up a 'Jam Jar Account' scheme this allows members immediate access to borrowing. Members in this scheme then receive support with budgeting and paying bills out of their Universal Credit, prior to general expenditure. A single officer provides this service and is the link between the credit union and Gateway Services. This officer works with residents in great need with access to credit and other emergency and long term support.

2.4.4 **Mutuals:** A mutual is a private sector company owed by its suppliers, work force and/or clients. Mutuals differ from cooperatives as the members/owners do not invest capital into the company. There are 112 public sector mutuals, created as a result of the 'spin-out' of local public services such as those in public health, hospices and leisure centre delivery.

2.4.5 Octavo, set up by Croydon Council in 2015 is a mutual owned by Croydon Council, Croydon Head Teachers Association and the staff working for Octavo. It is a not-for-profit limited company, offering a range of services to schools including Educational Psychologists, School Improvement and HR. Octavo was set up with financial support from the council, including a significant loan. Any profits made by Octavo will be reinvested into developing services and/or education research.

2.4.6 Another example of a mutual is GLL which was created in 1993 by Greenwich Council to provide its leisure centre services and is owned by its staff and society members. The majority of the board of GLL is elected by the workforce. GLL has recently signed a 20 year partnership with Croydon Council to deliver the borough's leisure contract, including gyms and parks.

2.4.7 A **Community Interest Company (CIC)** is a special type of limited company which exists to benefit the community rather than private shareholders. Unlike a charity, it does not have to have a volunteer board and can pay its directors a salary, which means that the founders can retain control as paid directors. There are over 3,100 CiCs in the UK. To set up a CIC, you need to:

- Carry out activities which fulfil a community purpose.

- Apply to Companies House and include a 'community interest statement', explaining what your business plans to do.
- Create an 'asset lock'- a legal promise stating that the company's assets will only be used for its social objectives. If the CiC is wound up its assets must be transferred to another 'asset locked' organisation. and setting limits to the money it can pay to shareholders.

2.4.8 There are many CiCs in Croydon. My OutSpace is an accredited award – winning social enterprise which set up as a CiC. It specialises in supporting women into employment and self-employment. Offering training, mentoring, access to peer to peer support groups, networking and high quality business support tailored to the needs of female entrepreneurs. My OutSpace team supports 300 families each year, last year we have created 167 jobs and 43 businesses. The council has supported My Outspace to develop its networks and to bid for grant funding.

2.4.9 Beats & Eats is a Community Interest Company (CIC) that run pop-up events & workshops with and for marginalised community groups. Initially set up after the Croydon Riots, they ran music events to create safe spaces for the community to come together. The council has commissioned Beats & Eats to provide the Sunday market and events on the pedestrianized high street in the summer.

2.4.10 Croydon Real Nappies was set up in 2002 and is a CiC based in South Norwood. Their aim is to reduce the impact of disposable nappies on the environment. They do this by providing impartial and useful information about using washable nappies to prospective and existing cloth nappy users. Providing vouchers to cover the initial cost of the cloth nappies, so that people can try using them without investing too heavily. They also do demonstrations, displays and public events by arrangement.

## **2.5 Examples of other Councils**

### **2.5.1 Preston City Council**

In 2011 Preston City Council was faced with very significant cuts in central government funding. Additionally, plans for a £700 million investment in a new shopping centre fell through. In order to improve inward investment and build community wealth they embraced the cooperative council's model. Examples of this policy put into practice include:

- The council and anchor public organisations paying the living wage and committing to buying locally.
- Setting up a Co-operative Network which supports new and existing cooperatives to grow and bid for contracts with anchor organisations
- Re-established a city-wide credit union and funded Lancashire Community Finance.
- Web site based support and sign posting for cooperatives.

- The county pension fund is investing in local assets such as a new hotel and office space.<sup>3</sup>

### 2.5.2 Glasgow City Council

In 2012 Glasgow City Council made a commitment to become a Co-operative City. This was in response to budget cuts and increasing and increasingly complex demand for services. The council established:

- A Co-operative Development Unit – set up to research into opportunities and then deliver the council’s action plan.
- A cross-council group of ‘co-operative champions’ to identify co-operative opportunities and develop links beyond the council.
- The Glasgow Business Development Fund, with a £500,000 budget to support new and existing co-operative, mutual and social enterprises. Since 2013, grants totalling £697,000 have been awarded to 34 existing cooperatives and 11 start-ups.
- Since 2012 over 1,000 long-term unemployed residents have secured jobs in infrastructure projects thanks to a new community benefit approach to purchasing
- Glasgow’s People’s Energy which gives impartial energy advice and a switching service.<sup>4</sup>

## 3. Future Plans

- 3.1 The Corporate Plan commits to looking into community based models of delivery such as community land trusts and cooperative housing for delivering new homes.
- 3.2 Local business and community partnerships, such as BIDs, will be facilitated where appropriate.
- 3.3 Further ‘meet the buyer’ events will be held with anchor organisations and contract holders.
- 3.4 The council will explore whether further guidance to people who are interested in setting up a cooperative, mutual or CiC could be provided through:
  - Web pages similar to the Preston model.
  - Power to Change conference

<sup>3</sup> ‘6 Steps to build community wealth’ <http://www.councils.coop/>

<sup>4</sup> ‘6 Steps to build community wealth’ <http://www.councils.coop/> and <http://nws.eurocities.eu/MediaShell/media/2016AwardsCitiesinactionGlasgow.pdf>



- Co-operative Fortnight – an annual celebration of cooperatives in June/July; an education project and well publicised provision of support for people considering setting up a cooperative.

#### **4. Appendices**

*Appendix 1 – Principles of Cooperative Councils*

*Appendix 2 – London Mozart Players*

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**BACKGROUND DOCUMENTS:** None



### 10 Principles of Cooperative Councils

Developed by the Co-operative Councils Innovation Network and to be implemented in partnership with them.

<http://www.councils.coop/about-us/our-values-and-principles/>

1. **Social partnership:** We will strengthen the co-operative partnership between citizens, communities, enterprises and Councils, based on a shared sense of responsibility for wellbeing and mutual benefit
2. **Democratic engagement:** We will support the active engagement of the full range of residents in decision making and priority setting
3. **Co-production:** We will develop systems that enable citizens to be equal partners in designing and commissioning public services and in determining the use of public resources
4. **Enterprise and social economy:** We will promote community-based approaches to economic development that focus on supporting the creation of jobs, social enterprises and other businesses and providing an environment for co-operative and mutual enterprises to thrive
5. **Maximising social value:** We will support the development of a framework and criteria for social value, giving substance to the concept and supporting Councils with the tools to ensure better local social and economic outcomes
6. **Community leadership and a new role for councillors:** We will explore ways for councils to act as a platform for helping the community to contribute to local outcomes, and to re-think the role of councillors as community connectors, brokers and leaders
7. **New models of meeting priority needs:** In exploring new ways of meeting the priority needs of our communities we will encourage models, such as co-operatives and mutuals, which give greater influence and voice to staff and users
8. **Innovation:** We will embrace innovation in how we work with local communities to drive positive change
9. **Learning:** We will capture and 'expand' the experience and learning from individual projects and approaches in order to encourage broader application of co-operative principles within individual member Councils and across the Network
10. **Walking the talk:** As a membership organisation we will make this statement of our principles operational by:
  - **Co-operation among members:** Our members work together to help each other implement our values, sharing experiences and learning

- **Openness of membership:** Full, Associate and Affiliate Membership is open to any qualifying Council, organisation or individual who shares our values and is committed to putting them into action
- **Co-production of the Network's work:** Members help shape the Network's work programme and the content of events and written products
- **Action-focused:** The network is a vehicle for helping councils translate co-operative values and principles into policy and practice
- **Membership-based:** The network is majority funded by modest membership subscriptions from its member Councils, Associates and Affiliates
- **Non-party-political:** Members share the belief that working co-operatively within and across communities holds the key to tackling today's challenges

### London Mozart Players

London Mozart Players (LMP) are a social enterprise aimed at broadening the audiences for classical music. They have received support from the council and as can be seen below contribute heavily to their local Upper Norwood community. A member of LMP will be attending scrutiny to share their experience and explain the structure of the business.

#### LMP and Croydon

In 2016, the London Mozart Players relocated their home to St John the Evangelist, Upper Norwood, undertaking a rich programme of initiatives within the local community. Their commitment to reaching new audiences is underlined with their highly-regarded education and community programme LMP Voyager, which sees the ensemble take world-class classical music into schools, colleges, local amateur groups and areas of the community, helping to build excellence and passion for classical music through performance and shared experience.

#### LMP Structure

In the summer of 2014, the orchestra began a new and exciting phase in its history, becoming the first professional orchestra in the UK to be managed both operationally and artistically by the players.

#### Biography

Founded in 1949 by Harry Blech, the London Mozart Players is the UK's longest established chamber orchestra. The London Mozart Players has enjoyed the patronage of HRH The Earl of Wessex since 1988.

Known for its unmistakable British roots, the orchestra has developed an outstanding reputation for adventurous, ambitious programming. From Baroque through to genre-crossing contemporary music, the London Mozart Players is constantly exploring new venues and audiences through collaborations with artists and personalities from all over the creative scene. The ensemble has enjoyed a long history of association with many of the world's finest musical personalities including Igor Stravinsky, Sir James Galway, Dame Felicity Lott, Jane Glover, Julian Lloyd Webber, Stephen Hough, Nicola Benedetti, John Suchet and Simon Callow.

Away from their commitment to live performances across the UK, the London Mozart Players also undertake an international touring schedule which has seen them give performances in the Far East, Austria, the Netherlands, Italy, Germany, France, Belgium and Spain. A long relationship with classical label Chandos has led to a series of over 20 recordings, including works by Mozart, Beethoven, Haydn, Clementi, Salieri and Stamitz. The orchestra featured on Naxos' release *Flowers of the Field* alongside the City of London Choir, Roderick Williams and Associate Conductor Hilary Davan Wetton, which reached No.1 in the Classical Album Charts.

The orchestra regularly performs with their Conductor Laureate Howard Shelley, as well as working closely with some of the world's eminent conductors and soloists, including Tasmin Little, Anthony Marwood, BBC Young Musician 2016 Sheku Kanneh-Mason and cellist Laura van der Heijden, the orchestra's first Young Artist in Residence.

Taken and adapted from <http://londonmozartplayers.com/>