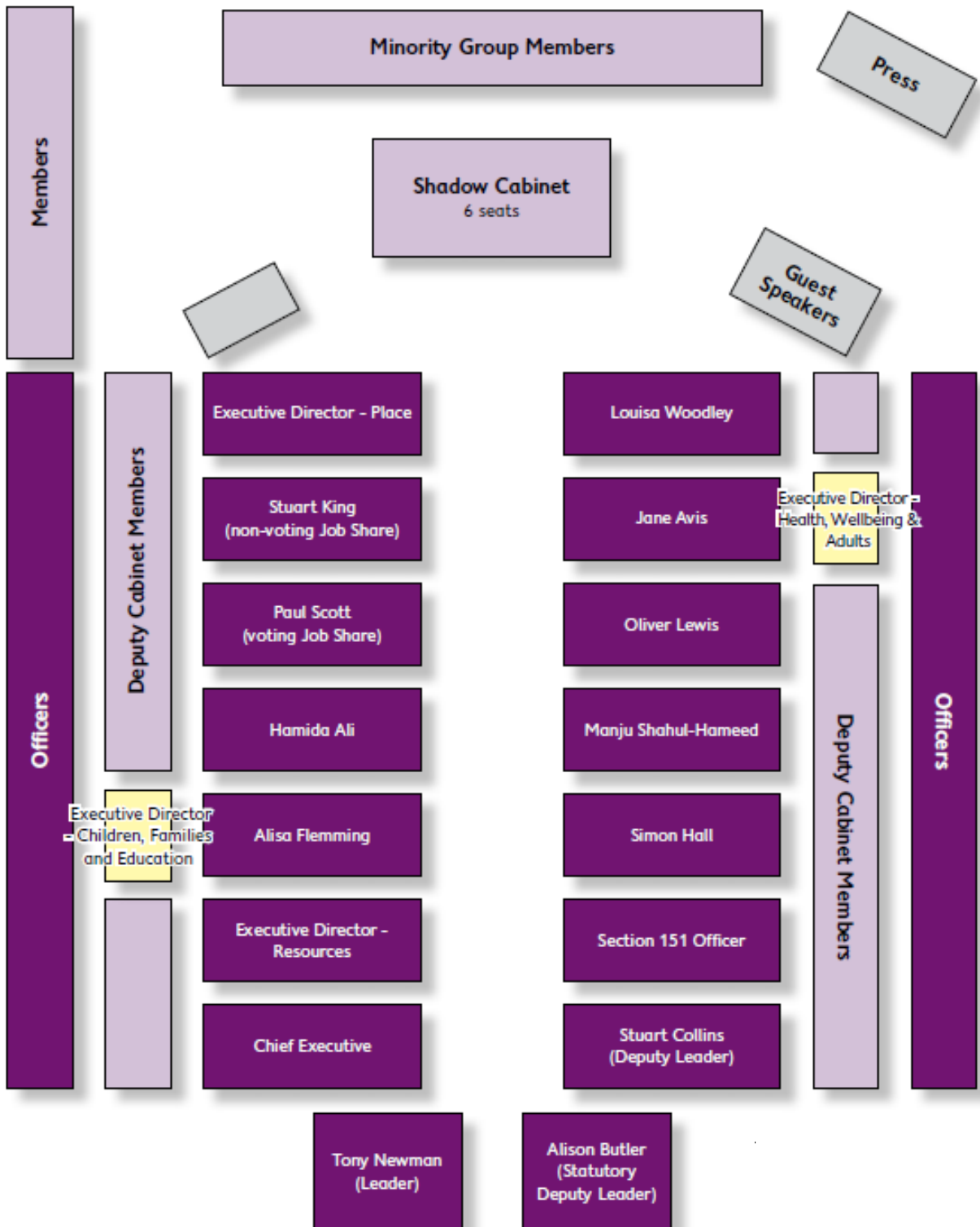




**CABINET
AGENDA**
for the meeting
on
24 February 2020 at
6.30 pm

Cabinet Seating Plan



To: Croydon Cabinet Members:

Councillor Tony Newman, Leader of the Council - Budget and Strategic Policy
Councillor Alison Butler, Deputy Leader (Statutory) and Cabinet Member for Homes & Gateway Services
Councillor Stuart Collins, Deputy Leader and Cabinet Member for Clean Green Croydon
Councillor Hamida Ali, Cabinet Member for Safer Croydon & Communities
Councillor Jane Avis, Cabinet Member for Families, Health & Social Care
Councillor Alisa Flemming, Cabinet Member for Children, Young People & Learning
Councillor Simon Hall, Cabinet Member for Finance & Resources
Councillor Stuart King, Cabinet Member for Environment, Transport & Regeneration (non-voting - Job Share)
Councillor Oliver Lewis, Cabinet Member for Culture, Leisure & Sport
Councillor Paul Scott, Cabinet Member for Environment, Transport & Regeneration (voting - Job Share)
Councillor Manju Shahul-Hameed, Cabinet Member for Economy and Jobs

Invited participants:

Councillor Louisa Woodley, Chair of the Health & Wellbeing Board
All other Members of the Council

A meeting of the **CABINET** which you are hereby summoned to attend, will be held on **Monday, 24 February 2020** at **6.30 pm** in **Council Chamber, Town Hall, Katharine Street, Croydon CR0 1NX**

JACQUELINE HARRIS BAKER
Council Solicitor and Monitoring Officer
London Borough of Croydon
Bernard Weatherill House
8 Mint Walk, Croydon CR0 1EA

Victoria Lower
020 8726 6000 x14773
victoria.lower@croydon.gov.uk
www.croydon.gov.uk/meetings
14 February 2020

Members of the public are welcome to attend this meeting, or you can view the webcast both live and after the meeting has completed at <http://webcasting.croydon.gov.uk>

If you would like to record the meeting, we ask that you read the guidance on the recording of public meetings [here](#) before attending.

The agenda papers for all Council meetings are available on the Council website www.croydon.gov.uk/meetings

If you require any assistance, please contact Victoria Lower 020 8726 6000 x14773 as detailed above.

AGENDA – PART A

1. Apologies for Absence

2. Minutes of the previous meeting (Pages 7 - 22)

To approve the minutes of the meeting held on 20 January 2020 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. Budget and Council Tax 2020/21

Cabinet Member: Leader of the Council, Deputy Leader (Statutory) and Cabinet Member for Homes & Gateway Services, and Cabinet Member for Finance & Resources

a) General Fund and HRA Budget 2020/21 (Pages 23 - 114)

Officer: Lisa Taylor

Key decision: Council Tax recommendations are reserved to Council.

Housing rents and charges are Key Executive Decisions

Cabinet Member: Leader of the Council and Cabinet Member for Finance & Resources

- b) **Quarter 3 Financial Performance 2019/20** (Pages 115 - 142)
Officer: Lisa Taylor
Key decision: no

Cabinet Member: Cabinet Member for Finance & Resources

- c) **Treasury Management Strategy Statement, Capital Strategy, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2020/2021** (Pages 143 - 184)
Officer: Lisa Taylor
Key decision: no

Cabinet Member: Cabinet Member for Economy & Jobs, Cabinet Member for Environment, Transport & Regeneration (Job Share) and Cabinet Member for Culture, Leisure & Sport

6. **Delivering the Croydon Growth Zone** (Pages 185 - 238)
Officer: Shifa Mustafa
Key decision: yes

Cabinet Member: Cabinet Member for Homes & Gateway Services and Cabinet Member for Finance & Resources

7. **Brick by Brick Business Plan 2020/21 - To Follow**
Officer: Jacqueline Harris Baker
Key decision: no

Cabinet Member: All Cabinet Members

8. **Stage 1: Recommendations arising from Scrutiny** (Pages 239 - 246)
Officer: Jacqueline Harris Baker
Key decision: no

Cabinet Member: Cabinet Member for Finance & Resources

9. **Investing in our Borough** (Pages 247 - 254)
Officer: Jacqueline Harris Baker
Key decision: no

Cabinet Member: Cabinet Member for Finance & Resources and Cabinet Member for Environment, Transport & Regeneration (Job Share)

- a) **Enforcement Agent Framework Award** (Pages 255 - 264)
Officer: Jacqueline Harris Baker
Key decision: yes

**Cabinet Member: Cabinet Member for Children, Young People & Learning and
Cabinet Member for Finance & Resources**

- b) **Variation to extend the Best Start contracts** (Pages 265 - 278)
Officer: Robert Henderson
Key decision: yes

**Cabinet Member: Cabinet Member for Children, Young People & Learning and
Cabinet Member for Finance & Resources**

- c) **Addington Valley Academy SEN School - Award of PCSA and Main
Works Contract** (Pages 279 - 290)
Officer: Robert Henderson
Key decision: yes

Cabinet Member: Cabinet Member for Clean Green Croydon

- d) **South London Waste Partnership - Waste Collection Contract
Variation** (Pages 291 - 296)
Officer: Shifa Mustafa
Key decision: yes

10. 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 AGENDA

Cabinet Member: Cabinet Member for Finance & Resources

11. **Investing in our Borough** (Pages 297 - 300)
Officer: Jacqueline Harris Baker
Key decision: no

**Cabinet Member: Cabinet Member for Finance & Resources and Cabinet
Member for Environment, Transport & Regeneration (Job Share)**

- a) **Enforcement Agents Framework Award** (Pages 301 - 304)
Officer: Jacqueline Harris Baker
Key decision: yes

**Cabinet Member: Cabinet Member for Children, Young People & Learning and
Cabinet Member for Finance & Resources**

- b) **Addington Valley Academy SEN School - Award of PCSA and Main
Works Contract** (Pages 305 - 312)

Officer: Robert Henderson

Key decision: yes

This page is intentionally left blank

Cabinet

Meeting held on Monday, 20 January 2020 at 6.30 pm in Council Chamber, Town Hall, Katharine Street, Croydon CR0 1NX

MINUTES

Present: Councillor Tony Newman (Chair);

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

Also Present: Councillors Tim Pollard, Jason Perry, Mario Creatura, Maria Gatland, Lynne Hale, Simon Hoar, Yvette Hopley, Helen Pollard, Sean Fitzsimons, Robert Ward, Clive Fraser, Helen Redfern, Leila Ben-Hassel, Janet Campbell, Shafi Khan, Badsha Quadir, David Wood and Louisa Woodley

Apologies: Councillor Jane Avis

PART A

1/20 **Minutes of the previous meeting**

The part A minutes of the Cabinet meeting held on 16 December 2019 were agreed. The Leader of the Council signed the minutes as an accurate record.

2/20 **Disclosure of Interests**

There were none.

3/20 **Urgent Business (If any)**

There were no items of urgent business.

4/20 **Future delivery model for Council provided school support services**

The Cabinet Member for Children, Young People & Learning informed Members that Octavo had been established as an independent trading company to provide services to schools. The contract with the council for the provision of education psychology had been provided successfully by Octavo, however was due to expire. As such, it was viewed that it was pertinent to review the services provided by Octavo for the children, young people and schools of the borough.

The decision to insource the services would give the council a greater ability to align and be more flexible in the provision of services. Furthermore, it was noted by the Cabinet Member that in the last year the separation of delivery of services had become increasingly problematic and the insourcing of Octavo services would overcome those challenges.

Members noted that the decision to insource had been agreed unanimously by Octavo as it was recognised that it was the best means to deliver the services. Members were additionally assured that there would be business as usual from the start date of 1 April 2020 as it was recognised that it was important that there was minimal disruption to service users.

In response to Member questions, the Cabinet Member for Children, Young People & Learning noted that when Octavo was established there were fewer schools in the borough which were part of academy trusts. The growth of academy trusts had resulted in a number of the services provided by Octavo being delivered internally by those trusts.

Members were assured the school representatives on the Octavo Board were in agreement with the steps being taken by the council to insource the services. Additionally, the Cabinet Member stated that there were no intended job losses from the actions being taken.

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

RESOLVED: To note the contents of the report and the proposed approach.

5/20

Feedback from the monitoring visit in October 2019 by Ofsted to Croydon's Early Help Services Children's Social Care service

The Leader welcomed the feedback from the monitoring visit in October 2019 and noted it was encouraging; however stated that there was no complacency within the council as it was recognised further improvements were required to the service.

Members were informed by the Cabinet Member for Children, Young People & Learning that the monitoring visit had focussed on children's social care and early help. Work which was highlighted included the council's work on supporting children with child protection plans and child in need plans, and also the support provided to children and young people with adoption plans. The report further noted the focus of the work of the council and the dynamic leadership within the service. The Cabinet Member thanked the senior leadership for their continued work to drive forward progress within children's social services.

The Cabinet Member further noted that the feedback recognised that staff morale had improved with staff feeling that they were supported.

Going forward, the Cabinet Member informed Members that the council was continuing to focus on ensuring that a consistent workforce was established which would support the delivery of a more consistent service to all children and young people in the borough.

Whilst the report and monitoring visit feedback had not been considered at pre-decision scrutiny, the Cabinet Member highlighted the important work of the Children & Young People Scrutiny Sub-Committee throughout the council's improvement journey.

In terms of financial considerations, the Cabinet Member noted that the entire improvement journey had been a whole council approach and had been supported by all areas of the council. Significant investment in the service's budget had been important to support these improvements which had been supported across the council.

The progress made within the service was welcomed, however the Cabinet Member stated that there was absolutely no complacency and the council recognised that there remained a long way to go in the improvement journey.

Members noted that the feedback from the monitoring visit had been positive and highlighted the good work of officers. It was, however, noted that there continued to be variable practice within the service with the report stating that "Almost all children receive at least a reasonable level of service"; whilst it was expected that a good service was to be received by all children as improvements continued.

The Cabinet Member thanked the Shadow Cabinet Member for her work to support the improvement journey. It was noted that investment had been made in the service where it had not been before, which it was stated was a reflection of the national need to invest in children's and adult's social care.

In the early days of the improvement journey it had been important to build a steady foundation; as that had been established it was, the Cabinet Member stated, the opportunity to really focus on a consistent provision of service. The focus of the administration and officers was to ensure the service was rated adequate following the council's next inspection and in future, following further improvements, to be rated outstanding.

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

RESOLVED: To note the feedback from Ofsted following the seventh monitoring visit to children's social care and early help in October 2019.

Education Estates Strategy

The Cabinet Member for Children, Young People & Learning introduced the report informing Members that the report looked at school admissions, school place planning and maintenance. The admission arrangements within the report, it was noted, were for community schools in Croydon. The report further requested approval of the Pan-London co-ordination of admissions.

Members noted that there was normally a more detailed report at Cabinet on school place planning which identified areas of demand and areas of surplus and were informed that an update report on school place planning would be taken to Cabinet in the autumn which would include this detail.

The Chair of Children & Young People Scrutiny Sub-Committee highlighted that there was a meeting of the committee the following evening and included within the agenda of that meeting were maps which showed vacancies in primary and secondary schools (Item 7 – appendix 8).

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

RESOLVED: To

School Admission

1. Agree to recommend to full Council that it determine the proposed Community schools' Admission Arrangements for the 2021/22 academic year (at Appendix 1 of the report);
2. Approve the continued adoption of the proposed Pan London scheme for co-ordination of admissions to Reception and Junior schools – at Appendix 1a of the report; and adoption of the proposed Pan London scheme for co-ordination of admissions to secondary schools – at Appendix 1b of the report.

School Place Planning

3. Approve the Capital Programme Budget summary (at appendix 2 of the report).

Special Educational Needs and Disability (SEND)

4. Delegate decision-making to the Lead Member, Children, Young People and Learning, and the Executive Director of Children, Families and Education in relation to proposals to change in the age range of St Giles School to include a nursery provision and to provide a coherent pathway for children with PMLD and physical, sensory medical needs through the provision of St Giles School expertise across the pre-school and school age range.
5. Note the funding previously approved by Cabinet for Autistic

Spectrum Disorder (ASD) Enhanced Learning Provision places from the 2019/20 programme has been deployed to improve facilities at Meridian (£100K) and £50K for Castle Hill to increase places and provide suitable facilities.

6. Approve the proposal to undertake quality assurance and feasibility studies of special schools Red Gates; St Giles and Priory Schools to enable options to be set out which address current issues of suitability, safeguarding risks and the capacity of these education facilities to meet the special educational needs of children and young people.

Mainstream / Community schools

7. Note that there are no proposed changes to the 3 year (2019/20 to 2021/22) School Place Supply Strategy agreed at Cabinet on 19th September 2019.

Early Years

8. Note the 2019 Childcare Sufficiency Assessment report – at Appendix 3 of the report.

Alternative Provision / Pupil Referral Unit (PRU)

9. Note the update on Alternative Provision / PRU.

School Maintenance and Compliance

10. Approve the proposed Schools' Maintenance Plan (Appendix 4) for 2020/21, and funding of £2m plus an additional £882,000 for 2020/21. This proposed additional £882,000 is to be slippage from the current budget to assist with the additional maintenance work required to be undertaken due to the ageing of the educational estate; and
11. Delegate authority to the Executive Director, Children, Families and Education 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 Executive Director, Children, Families and Education shall report back to members in respect of any exercise of such authority.

7/20

Equality Framework for Local Government Accreditation

The Leader of the Council welcomed that challenge of the Equality Framework for Local Government and stated that he was pleased to note that the council had been awarded 'achieving' but also looked forward to seeing further progress following the review.

Equality and diversity were key priorities of the administration and the Cabinet Member for Safer Croydon & Communities stated that

participating in the initiative was a good means to evaluate how the council was performing on these key priorities.

Members were informed that a peer team visited Croydon in November and undertook a number of interviews and evaluations. Ahead of and during the visit a large amount of work was undertaken to support the evaluation and officers were thanked for their support.

There were three ratings as part of the scheme and the council had been rated as 'achieving' which was the middle rating and the level the council was seeking to achieve. This rating recognised the progress made by the council but also suggested there was further work to be done. The initial feedback was welcomed by the Cabinet Member, as it highlighted areas of success and areas of learning. The final report, Members were informed, would be taken to a future Cabinet meeting when available.

Members welcomed the work and progress made by the council, however noted that within the early recommendations of the peer group that data had been highlighted as an area for future focus. The challenge of ensuring that the right questions were asked to acquire data and then using that data effectively was recognised by the Cabinet Member and would be an area for consideration during the journey for further improvements.

In response to Member questions, the Cabinet Member noted that a large number of interviews had taken place, including with external partners. It was suggested by the Cabinet Member that the concerns raised by the voluntary sector in relation to change may have been related to the Community Fund as that had generated a lot of change in terms of how the sector was funded by the council.

It was noted by Members that the council went beyond the statutory requirement to publish the gender pay gap and published the ethnicity and disability pay gaps also. Work to calculate these pay gaps was being undertaken and would be published when available. From current analysis, the Cabinet Member for Finance & Resources stated that progress had been made to narrow the gap and ensure greater equality.

In response to Member questions, the Cabinet Member for Safer Croydon & Communities recognised that there were challenges experienced across the public sector, such as black men not progressing at the same rate as their female counterparts and BAME and disabled employees being disproportionately involved in disciplinary matters. It was stated that the council sought to look into this and address the issues wherever they were found.

Cabinet Members were thanked for putting equalities at the heart of their portfolios. It was highlighted by Cabinet Members that a priority of the council has been to support disabled residents to enter employment and that equalities was integral to the council's bid to be named the Borough

of Culture in 2023. Furthermore, the Workforce Strategy was noted as being a vehicle to promote equality and a diverse workforce.

The Leader of the Council confirmed that the final report would be taken to a future Cabinet meeting and thanked all officers involved in this piece of work.

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

RESOLVED: To note the successful outcome, following the Local Government Association Equality Framework for Local Government peer assessment, and the Council's accreditation as Achieving.

8/20

Health and Social Care Integration and South West London

The Deputy Cabinet Member for Families, Health & Social Care provided Cabinet with an overview of the journey undertaken to-date to integrate health and social care within Croydon.

Staff within the health and social care were thanked for their hard work and dedication, especially over the busy winter period, in supporting residents.

Members were provided with highlights on the progress made to integrate health and social care including; the LIFE Service (Living Independently for Everyone) and Integrated Community Networks (ICN) which had been live for two years and investment in the voluntary and community sector with social prescribing and telemedicine in most care homes. These developments had seen a reduction in emergency admissions of older adults and reduced lengths of stay in hospital. However, despite these improvements demand remained high, particularly from hospital discharge to community reablement which continued to impact the social care budget.

The Deputy Cabinet Member informed Members future developments would include mental health adult community transformation which would focus on community provision and enhanced primary care provision and that ICN Plus, which would be piloted in Thornton Heath, would take a whole population approach to locality working.

Lessons had been learnt from the One Croydon Alliance work with older people, such as the establishment of a whole population outcomes framework and increased engagement with the wider population planned for the future. An economic review had been undertaken in late 2018/early 2019 which had identified funding gaps, predominantly in adult social care, which had been recognised as requiring addressing. However, there remained a commitment to further integrate health and social care services using current resources to ensure improved outcomes for residents.

In terms of the governance of the integration, the Deputy Cabinet Member highlighted that Croydon CCG and Croydon Health Service had aligned their senior management with a joint Place based leader, Matthew Kershaw, and committees where appropriate. Furthermore, Members were informed that Croydon CCG would merge into the South West London (SWL) CCG as the SWL CCG were preparing their application to become an Integrated Care System. Finally, there had been a proposal to change Croydon Transformation Board to a Health and Care Board in April 2020 which would have a strategic relationship with the Health & Wellbeing Board and SWL CCG. The Health and Care Board, Members were informed, would have delegated budgets and responsibilities.

The Deputy Cabinet Member noted that in terms of finance, the ten year One Croydon integrated contract agreement would need to be developed to reflect the whole population approach. It was further noted by Members that demand in both health and social care sectors continued to exceed the financial resources available which remained a challenge. The aims of the integration, however sought to address these challenges with the development of a single Section 75 agreements, shadow budget arrangements for 2020/21 and revised business cases being produced to support investment.

The Deputy Cabinet Member concluded with providing Members with a case study which showed the positive impact that health and social care integration was having, with a 91 year old resident with a few physical health issues being supported by the GP huddle and Complex Care Support Team. The support, it was stated, had enabled carers to visit the home and enable the gentleman's wife to remain at home and the resident to relax as he was no longer concerned that his wife would be moved into care. This case study showed that through using a whole system approach residents could be supported to live long, happy, healthy and independent lives.

The Chair of the Health & Wellbeing Board thanked officers and health workers for their hard work in caring for the most vulnerable residents in the borough. It was noted that there had been a number of events which the council and the health service had taken part in which were examples of engaging across organisations and services.

Section nine of the report was highlighted by the Chair of the Board and it was noted that organisations were cautiously ambitious, particularly in terms of budgets however it was recognised by all that it was necessary to ensure health and social care were properly aligned.

The report was welcomed by Members and was recognised as being a large and important piece of strategic work. The ambition to support residents to live long, happy, healthy and independent lives was supported by all and Members welcomed future reports being taken to the Health & Wellbeing Board.

In response to Member questions, the Deputy Cabinet Member confirmed that the Vice-Chair of the Health & Wellbeing Board, Dr Agnelo Fernandes, was continuing to work with the two GP practices which were not on board with the plans.

Whilst it was recognised that a number of initiatives had started in the north of the borough, Members were reminded that social prescribing had been piloted in the south of the borough and that it was the intention of all involved to start more initiatives in the south of the borough as it was recognised that there were a high number of elderly residents with high need levels in those communities also.

The Chair of Scrutiny & Overview Committee expressed disappointment that the work of the Health & Social Care Scrutiny Sub-Committee had not been recognised in section 11 of the report, as the committee had looked at integration in the past year and it continued to be a priority on the committee's work programme. In response, the Chair of the Health & Wellbeing Board recognised the work of scrutiny on this matter and stated that officers and health professionals valued the comments and recommendations of the scrutiny committee.

Members recognised the value of integration and ensuring all residents were supported. Croydon had been successful in leading the way in integration which had seen improved outcomes for residents, the council and the health service. With the funding gap in adult social services it was noted that innovation was key to ensure the delivery of services for residents.

Officers were thanked for their work in progressing this further and it was noted that a further report would be taken to Cabinet in March that would outline future provision.

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

RESOLVED: To

1. Note the current status and progress in relation to the integration of health and social care and the developments locally and sub-regionally in South West London as a result of the NHS Long Term Plan.
2. Note and agree the next steps for One Croydon's journey to health and social care integration.
3. Agree any actions arising from the equality analysis.

Community Fund Commissioning Programme

The Cabinet Member for Safer Croydon & Communities introduced the Community Fund which was a three year programme to support the community sector in the borough. The council remained committed to support this sector, and had increased investment in the Fund.

It was noted that the Programme had been a large piece of work with over 20 groups of officers being involved across the council and they were thanked for their work.

The Community Fund was built upon meaningful engagement and drew upon past experiences. As such, organisations were given more time to apply, grants were increased and residents were involved in evaluating the bids.

It was noted by the Cabinet Member that the Fund had been massively oversubscribed and so unfortunately three quarters of applicants had been unsuccessful. Whilst it was recognised that many organisations would be disappointed to have not been successful in being awarded grants, the Cabinet Member stated that it was not the final opportunity as there were other grants being awarded by the council, such as the Emerging Needs Grants.

In response to questions, the Cabinet Member confirmed that there had been a commitment to protect certain elements, such as advice services and so they had been prioritised for funding awards. This had led to a large variance in the number of applications for different streams. Despite this variance, the Cabinet Member stated that it was felt the weighting in terms of the five streams was right and it was expected that a plethora of bids were received for some strands only.

In terms of the timing of the Community Fund and the consultation on the Policy for Council Community Properties, rent subsidy and rate relief for the voluntary and community sector, it was noted that the council had been communicating with the community sector for two years in relation to reviewing how it was supported by the council. The council wanted to ensure there was limited impact on organisations which had been unsuccessful so sought to provide them with sufficient notice.

The Cabinet Member informed Members that the next stage would be to look at performance and contract management of the awarded grants and ensuring that it would be proportionate to the size of the grant and robust.

The Fund was welcomed by Members for ensuring a more transparent means for allocating funding to the community sector.

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

RESOLVED: To note the below delegated decision made by the Cabinet Member for Safer Croydon & Communities in consultation with the Cabinet Member for Families, Health and Social Care and the Cabinet Member for Finance and Resources for the Community Fund:

1. The Cabinet Member for Safer Croydon & Communities in consultation with the Cabinet Member for Families, Health and Social Care and the Cabinet Member for Finance and Resources approved the awards of contracts for the Community Fund to the Organisations listed in this report for a maximum contract period of 3 years (starting 01/04/2020) and for a maximum total contract value across all awards of £7,115,530 as per the 5119SCC dated 18 December 2019.

10/20

Policy for Council community properties, rent subsidy and rate relief for the voluntary and community sector

It was noted by the Cabinet Member for Safer Croydon & Communities that, as with the Community Fund, there was significant investment in the community sector in the borough in comparison to other local authorities. However, whilst the council invested in the community sector it was recognised that only a fraction of organisations received this support as the sector was so large in the borough.

Members were informed that the current agreements were historical and had no strong rationale for being in place, and so to support strong governance and to provide a rationale for the decisions being made in terms of allocating properties and subsidies the policy had been developed. The Policy was included within the Voluntary and Community Sector Strategy which had been approved by Cabinet at a previous meeting, additionally the council had been requested to develop such a policy to provide more transparency on the matter.

One of the key principles of the policy, the Cabinet Member stated, was to ensure that there was funding and support where the greatest impact would take place. The community sector had been consulted on the policy and it was in the Cabinet Member's opinion an example of engaging well with the sector as not only current beneficiaries were consulted but the whole sector, and was a good example of the council listening to the sector's request for such transparency.

In terms of the implementation of the policy, Members were informed that the council would seek to implement it from the next financial year so as to give organisations plenty of notice to apply and organise themselves in response to the outcome of their application.

Officers were thanked for their work in developing the policy by the Cabinet Member.

In response to concerns raised, the Cabinet Member stated that buildings used by faith groups were already exempt from business rates and that the rationale for not including organisations which exclusively undertook faith activities was due to concerns that the council would be funding an organisation which was not accessible to all residents.

The Cabinet Member reiterated that she felt that consultation had been good and that while concerns were raised that only 6.3% of the community sector had responded to the consultation the council was responding to the sector's request and was providing greater transparency and ensuring greater fairness in terms of allocation.

By not implementing the policy until the next financial year it was hoped that organisations would have an opportunity to plan their budgets, however it was noted that the policy would provide greater access to support as a number of organisations were not aware of the support available.

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

RESOLVED: To

1. Adopt the policy for the allocation of council community properties to voluntary and community organisations and groups providing rent subsidy and discretionary rate relief set out at Appendix 3 of the report.
2. Agree that the provisions for the allocation of council community properties to voluntary and community organisations and groups is implemented from 1 April 2020.
3. Adopt the framework for setting market rents in council community properties to be effective from 1 April 2021.
4. Agree that the provisions for allocating rent subsidy to eligible voluntary and community organisations and groups renting community properties owned or leased by the Council are implemented from 1 April 2021.
5. Agree that the provisions for allocating discretionary relief from national non-domestic rates to voluntary and community organisations and groups are implemented from 1 April 2021.
6. Delegate authority to the Director of Policy and Partnership in consultation with the Cabinet Member for Safer Croydon & Communities to make the administrative preparations required to implement the policy adopted under resolution 1.
7. Note the proposal to review this policy in 2023.

11/20

Stage 1: Recommendations arising from Scrutiny

The Chair of Scrutiny & Overview Committee noted that there were two recommendations from scrutiny and looked forward to receiving responses to these recommendations in due course.

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

RESOLVED: To receive the recommendations arising from the Scrutiny & Overview Committee (29 October 2019) and Children & Young People Sub-Committee (5 November 2019), and to provide a substantive response within two months (i.e. at the next available Cabinet meeting on 23 March 2020).

12/20

Stage 2: Response to Recommendations arising from Scrutiny & Overview Committee on 2 September 2019, Scrutiny & Overview Committee on 10 September 2019, Streets, Environment & Homes Scrutiny Sub-Committee on 1 October 2019 and Children & Young People Scrutiny Sub-Committee on 5 November 2019

The Chair of Scrutiny & Overview Committee noted that many of the recommendations had been accepted, however stated that further clarity was required in terms of the Veolia contract.

The response to the recommendations from the interim report of the Task & Finish Group was welcomed by the Chair of the Scrutiny & Overview Committee. It was noted that the support of the council was important and the work of the Communications team was appreciated for arranging for the consultation on school exclusions to be available on the website. Members were reminded to promote this consultation.

The Chair of the Streets, Environment & Homes Scrutiny Sub-Committee noted that the recommendations from the December meeting of the committee would be included in the Scrutiny Stage 1 report going to the February 2020 Cabinet; however also directed Members to the report on the Policy for council community properties, rent subsidy and rate relief for the voluntary and community sector which included the committee's recommendations. The Chair welcomed the committee's recommendations being considered in the formation of the final policy.

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

RESOLVED: To approve the response and action plans attached to this report at Appendix 1 of the report and that these be reported to the Scrutiny and Overview Committee or relevant Sub-Committees.

13/20

Investing in our Borough

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

RESOLVED: To approve the contract variation award for Timebridge Community Centre at a maximum contract value of £5,807,247, an increase by £1,807,247, over a term of 19 months as set out at agenda item 14a.

RESOLVED: To note

1. The contracts over £500,000 anticipated to be awarded by the nominated Cabinet Member, in consultation with the nominated Cabinet Member for Finance and Resources or, where the nominated Cabinet Member is the Cabinet Member for Finance and Resources, in consultation with the Leader, as set out in section 4.2.1 of the report.
2. The list of delegated award decisions made by the Director of Commissioning and Procurement, between 16/11/2019 – 17/12/2019, as set out in section 4.2.2 of the report.
3. The list of delegated award decisions for contracts over £500,000 in value made by the nominated Cabinet Member in consultation with the Cabinet Member for Finance and Resources or, where the nominated Cabinet Member is the Cabinet Member for Finance and Resources in consultation with the Leader since the last meeting of Cabinet, as set out in section 4.2.3 of the report.
4. Property acquisitions and disposals agreed by the Cabinet Member for Finance and Resources in consultation with the Leader since the last meeting of Cabinet, as set out in section 4.3 of the report.

14/20

Timebridge Community Centre and Fieldway Family Centre Contract Variation

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

RESOLVED: To approve the following contract variations to The McAvoy Group Ltd, in accordance with Regulation 30 of the Council's Tenders and Contracts Regulations and for the reasons detailed within the report:

1. The Timebridge and Community Centre Design and Construction contract variation for a new maximum contract value of £5,297,860. This new contract value includes a 5% contingency value of £302,896 and the new contract period of 18 months including 12 months defects liability period.

2. The design and contract of the permanent modular building contract variation for a new maximum contract value of £509,387 for the Fieldway Family Centre.

15/20

Exclusion of the Press and Public

The item was not required.

The meeting ended at 8.02 pm

This page is intentionally left blank

Agenda Item 5a

REPORT TO:	Cabinet 24th February 2020
SUBJECT:	General Fund & HRA Budget 2020/21
LEAD OFFICER:	<p>Lisa Taylor, Director of Finance, Investment and Risk (Section 151 Officer)</p> <p>Jacqueline Harris-Baker, Executive Director Resources & Monitoring Officer</p>
CABINET MEMBER:	<p>Councillor Tony Newman, Leader Of The Council</p> <p>Councillor Simon Hall, Cabinet Member For Finance And Resources</p> <p>Councillor Alison Butler, Deputy Leader (Statutory) And Cabinet Member For Homes And Regeneration</p>
WARDS:	All
CORPORATE PRIORITY/POLICY CONTEXT:	
<p>The Council's budget underpins the resource allocation for all corporate priorities and policies and in particular, the corporate priority for the delivery of value for money for the residents of the borough of Croydon. This report sets out the detailed proposals for the financial year 2020/21.</p>	
FINANCIAL SUMMARY:	
<p>The report details the revenue and capital budgets for the General Fund for 2020/21, including the Council Tax increase of 1.99% and the 2.00% increase for the Adult Social Care precept, the budget for the Housing Revenue Account and the increase in Housing Rents of CPI + 1% at 2.7% for 2020/21.</p>	
FORWARD PLAN KEY DECISION REFERENCE 0720CAB	
<p>The recommendations in section 1.1 are not executive decisions and therefore not key decisions – the final decisions are to be recommended to the Full Council for consideration at the meeting scheduled for 2nd March 2020.</p> <p>The recommendations in section 1.2 I, II and III are key executive decisions (reference no.03/17/CAB). The decisions may be implemented from 1300 hours on the 5th working day after it is made, unless the decision is referred to the Scrutiny & Overview Committee by the requisite number of Councillors.</p>	

1.0 RECOMMENDATIONS

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

1.1 That Cabinet recommend to full Council:

- I. A **1.99%** increase in the Council Tax for Croydon Services (a level of increase Central Government has assumed in all Councils' spending power calculation).
- II. A **2.00%** increase in the Adult Social Care precept (a charge Central Government has assumed all councils' will levy in its spending power calculations).
- III. The GLA increase of 3.6%.

With reference to the principles for 2020/21 determined by the Secretary of State under Section 52ZC (1) of the Local Government Finance Act 1992 (as amended) confirm that in accordance with s.52ZB (1) the Council Tax and GLA precept referred to above are **not excessive** in terms of the most recently issued principles and as such to note that no referendum is required. This is detailed further in section 3.8 of this report.

- IV. The calculation of budget requirement and council tax as set out in Appendix D and E. Including the GLA increase this will result in a total increase of 3.92% in the overall council tax bill for Croydon.
- V. The revenue budget assumptions as detailed in this report and the associated appendices :-
- VI. The programme of revenue savings, income and growth by department for 2020/21 (Appendix A).
- VII. The Council's detailed budget book for 2020/21 (Appendix B).
- VIII. The draft Capital Programme as set out in section 11, table 18 and 19 of this report, except where noted for specific programmes are subject to separate Cabinet reports.
- IX. To increase the Asset Investment Fund by £100 million to £300 million.
- X. To note there are no proposed amendments to the Council's existing Council Tax Support Scheme for the financial year 2020/21.
- XI. The adoption of the Pay Policy statement at Appendix H;

1.2 That Cabinet agree:

- I. A rent increase for all Council tenants for 2020/21, in line with the Government's social rent policy which has legislated to increase social rents by CPI + 1%, which is equal to 2.7%

- II. No increase to Garage and Parking space rents.
- III. 2% increase to the service charges for caretaking, grounds maintenance and bulk refuse collection as detailed in section 12.

1.3 That Cabinet note:-

- I. That in respect of the Council's public sector equalities duties where the setting of the capital, revenue and HRA budget result in new policies or policy change the relevant service department will carry out an equality impact assessment to secure delivery of that duty including such consultation as may be required.
- II. The progress being made towards balancing the Council's financial position for 2019/20 as at Quarter 3 and the current projected outturn forecast of £2.371m as set out in the report at item 3b on this agenda.
- III. The response to the provisional local government settlement which is attached at Appendix F.
- IV. That pre-decision scrutiny of the proposed budget 2020/21 took place at the Scrutiny and Overview Committee on the 10th February 2020. The Scrutiny and Overview Committee agreed to recommend that the Cabinet Member for Finance and Resources be invited to attend a meeting of the Committee and provide an update on the bedding in of the Council's new financial monitoring systems in September 2020.
- V. The statement on reserves and balances and robustness of estimates from the statutory Section 151 Officer.

2.0 EXECUTIVE SUMMARY

- 2.1 This report sets out the context and challenges faced by the council in setting a balanced budget for the financial year 2020/21, and gives an update on the key issues from the Spending Review of the 4th September 2019 and the Provisional Local Government Finance Settlement 2020/21, that was made on the 20th December 2019, which was then finalised on 6th February 2020 with no changes.
- 2.2 This report looks at the challenges faced by local government and particularly Croydon in terms of its continued financial pressures and resources available to deliver the key services for the authority.
- 2.3 The report updates on the challenges, assumptions and proposed changes that will underpin the 2020/21 budget. The report also gives details of the forecast financial performance of the Council for 2019/20, which forms part of this agenda.
- 2.4 The financial struggles of local authorities have been well documented for more than a decade. With no sign of austerity easing, councils like Croydon are increasingly having to balance rising demand for services with year-on-

year real terms cuts to their grant funding from government. This is compounded by historic underfunding which affects the base on which these cuts are made.

- 2.5 In the current climate demand for children's and adult social care has reached unprecedented levels, but without the necessary funding to pay for this demand. As a result local authorities are facing an untenable situation, with many now reaching tipping point. With growing numbers of both young and older residents, and other demographic changes, Croydon is affected by these national issues more than most.
- 2.6 As a council facing huge financial challenges Croydon is certainly not alone, but many of the issues impacting its finances are unique to the borough.
- 2.7 Croydon is one of the capital's largest boroughs by population and, although situated in outer London, it is inheriting a raft of traditionally Inner London issues that impact its budget. The effects of welfare reform, Universal Credit and the rising cost of poor quality rental property have seen large numbers of people move from central London to Croydon in search of cheaper accommodation, care and living costs. Subsequently poverty and homelessness are rising, need is becoming more complex and there is an increasing demand for, and strain on, public services and housing.
- 2.8 A consequence of the Home Office being based in the borough is that Croydon is the main 'gateway' authority for unaccompanied asylum seeking children (UASC) coming to the UK. Due to the shortcomings of the National Transfer Scheme, dispersal to other councils has not happened as expected so Croydon continues to care for hundreds of these vulnerable young people every year. It has to do initial assessments and support for almost all UASC and is home to some 10% of all UASC in the country. However, it receives no more than other local authorities. To cover the exceptional costs involved the borough has to make up a shortfall in funding of around £9m every year.
- 2.9 Even with this challenging financial backdrop, Croydon has managed to present a balanced budget, which includes an increase in council reserves by £5m after holding them at substantially the same level for the past six years and continues to protect the vital services that local people have said matter to them. In addition, Croydon is increasing the contingency in the budget. For many years, this was £1m. The current administration increased it four years ago to £2m and now it is being increased to £3.7m.
- 2.10 Recognising that the national system is broken, Croydon is leading the way by looking to new and innovative ways of delivering public services. Central to this is the borough's localities work with its focus on partnership, early help and prevention; providing targeted support to residents who need help the most, at the earliest opportunity, with a view to avoid crisis and the need for intensive intervention wherever possible.
- 2.11 The One Croydon Alliance, a community-based partnership with the NHS, is helping the over 65s, who might otherwise rely on hospital stays and costly care services, keep healthy and independent for as long as possible.

And it is through this same model that Croydon is rapidly transforming services for children and families. By providing the right help at the earliest possible stage, when and where it's needed, is helping to keep more children safe.

- 2.12 We are focused on providing empowering residents' lives by providing the right sort of support and service, for example by not having people in residential homes when they could be in their own home. In terms of families, by providing the right help at the earliest possible stage, when and where it is needed, we can keep more children safe.
- 2.13 As well as providing the physical assets that our residents need (such as schools and decent council homes), we are using capital expenditure to generate income streams or make savings. This includes our programme of asset investment, purchasing homes and improving buildings, such as New Addington Leisure and Community Centre, where we will see considerable savings in our leisure services contract, as well as providing massively improved facilities for residents.
- 2.14 By setting up a growth zone and working with the private and voluntary sectors, Croydon can continue to provide sustainable growth, invest in infrastructure and fund projects such as the Fairfield Halls restoration and the Legacy Youth Zone ensuring that investing in our culture is not compromised.
- 2.15 It is only through whole system change and prudent financial management that Croydon can continue to provide value for money services to local people and commit to increasing its general fund. A revised three-year financial strategy, which sets out the borough's medium-term plans, will be presented to cabinet later this year.
- 2.16 Croydon is having to react to both shared and unique challenges, as a local authority and an outer London borough, but this has brought with it an opportunity to introduce innovative service delivery and strengthen our work with partners out in our communities.
- 2.17 This administration has been determined to deliver on the priorities it set out in its Ambitious for Croydon manifesto, notwithstanding the pressures that come, directly or indirectly, from Central Government. This budget reflects the continued delivery of those priorities.

3.0 Local Government Finance Settlement 2020/21.

- 3.1 The provisional 2020/21 Local Government Settlement was announced on the 20 December 2019 by the secretary of state for Housing, Communities and Local Government, and then confirmed on 6th February 2020 with no changes.
- 3.2 In terms of funding for Croydon, the settlement shows an increase in Core Spending Power of 7.2%, mainly due to the development in the borough and the assumed council tax increases, and an increase in Settlement Funding Assessment (SFA) of £1.4m or 1.6%. This is a real terms cut, although it compares favourably with 2019/20 when the SFA was reduced by £7.8m or 8.2%.

- 3.3 In headline terms there were no material changes announced that change the assumptions made for Croydon in the Medium Term Financial Strategy (MTFS) and our budget planning. The settlement also confirmed the announcements that were made in the spending review. The 2020/21 Local Government finance settlement is for one year only.
- 3.4 The main Council Tax referendum threshold will reduce from 2.99% to 1.99% and the flexibility to raise the Social Care Precept will be 2%. If these rates are applied in Croydon this would generate an additional £7m in 2020/21.
- 3.5 Local Government's business rate baseline funding levels will also increase in line with inflation.
- The Government intends to delay the 75% Business Rates Retention and Fair Funding Review reforms by a year to 2021.
 - The London 75% Business Rates Retention pilot will not continue in 2020/21. For Croydon this represents a loss of £4.8m.
 - The Social Care Support Grant has been renamed the Social Care Grant and will be increased by £1bn in 2020/21 to £1.4bn. For Croydon this is an increase in funding of £5m, from £2.4m in 2019/20 to £7.4m in 2020/21.
 - Winter Pressures Grant has been rolled into the Improved Better Care fund, with no change to funding levels overall. In 2020/21 we will continue to receive a total of £9.7m, the same as awarded in 2019/20.
 - New Homes Bonus funding will decrease nationally by £10.5m (1.1%), with London seeing a decrease of £5.4m (2.9%). In Croydon we will actually receive a £0.6m increase in New Homes Bonus Funding, from £6.7m in 2019/20 to £7.3m in 2020/21.
 - Schools funding via the Dedicated School Grant will increase by £2.6bn (5.8%) nationally, with London receiving £352m (4.3%). In Croydon we will receive a 6.2% increase in funding. The DSG will increase by £21.3m from £343m in 2019/20 to £364.3m in 2020/21.
 - A real terms increase to the **Public Health Grant** supporting prevention and public health interventions. The actual allocation remains unconfirmed at the time of writing this report but is expected to be at least 1.84%. In 2019/20 our Public Health Grant is £20.8m.
 - Continued funding for the **Troubled Families** programme to support families with complex needs. The total possible funding for 2020/21 likely to be £1.1m
 - **Flexible Homelessness Support** grant will remain at 2019/20 levels, and additional monies have been allocated under the New Burdens Act for **Homelessness Reduction**. In total we will receive £6.6m in 2020/21, compared to £5.86m in 2019/20, an increase of £0.74m. We have been

successful in a recent bidding process for additional grant money to tackle rough sleeping and have been awarded £1.2m for 2020/21.

- Disappointingly there has been no recognition of the additional costs in Croydon in relation to **UASC** and there has been no additional allocation of funding. We will continue to work with the Home Office to ensure Croydon is funded fairly.

3.6 Croydon's response to the Provisional Local Finance Settlement for 2020/21 is included as Appendix F to this report.

3.7 The Council has a duty under the Local Government Finance Act 2003 to set a balanced budget before 11th March 2020. This report supports the enablement of that duty to be fulfilled, subject to agreement of the recommendations in this report by Full Council on the 2nd March 2020.

3.8 It is recommended that there is a 1.99% increase in council tax for the Croydon element of the charge and a 2.00% increase based on the Adult Social Care Precept as set by the Chancellor. The GLA are proposing an 3.6% increase in their element of the charge and that is due to be agreed by the GLA on the 24th February 2020. The overall headline increase is 3.92%. The effect of this increase on Band D is set out in table 1 below.

Table 1 – Local Taxation & GLA Taxation increase (Band D comparison)

Band D	2020/21 £	Increase %	Annual Increase £	Weekly Increase £
Croydon	1,325.12	1.99%	27.79	0.53
Adult Social Care Precept	126.91	2.00%	27.93	0.54
Greater London Authority	332.07	3.60%	11.56	0.22
	1,784.10	3.92%	67.28	1.29

Local Government Finance Settlement 2020/21 – Nationally

3.9 The final Local Government Finance Settlement was published on 6th February 2020. The settlement provided allocations for 2020/21 only. It is based on the Spending Round 2019 funding levels, with individual authority allocations based upon Spending Review 2015 and subsequent funding announcements. The main points are set out below:

- Council Tax – As previously announced at Spending Round 2019, the council tax referendum limit will be 2% for local authorities with social care authorities allowed a 2% social care precept. The provisional settlement confirmed districts will be allowed to apply the higher of the referendum limit or £5.
- Business Rates Retention – The three elements of the Business Rates Retention system (Baseline Need, NNDR Baseline and Tariff / Top Up amounts) have all increased by 1.63%, in line with the change to the business rates multiplier.
- Revenue Support Grant - As outlined in the technical consultation, RSG

(for those authorities that still receive RSG in 2019/20) has increased in line with the Business Rates Retention system (+1.63%).

- New Homes Bonus - The 2020/21 allocations have been announced. These will be paid with the legacy payments due from previous years (2017/18 to 2019/20). As previously announced, there will be no legacy payments for the 2020/21 in year allocations. The deadweight of 0.4% was maintained, with an additional £7m added from departmental resources (total funding of £907m), a slightly smaller top-up than last year.
- Top Up/Tariff Adjustments (Negative RSG) – As in previous years, the government has decided to eliminate the negative RSG amounts.
- Social Care Funding – Originally announced at Spending Round 2019, with further details provided in the technical consultation, the provisional settlement confirms the previously proposed national amounts and allocation methodologies, (see below for more detail).
- Rural Services Delivery Grant – The 2020/21 allocation of £81m and methodology for distribution remain unchanged from 2019/20.
- Business Rates Pilots – As expected, no new business rates pilots were announced for 2020/21, with all areas (aside) from the original 2017/18 pilot areas reverting back to the 50% scheme. The 2017/18 pilot areas are to remain at 100%, or 37% for the Greater London Authority.

Overall Funding: Core Spending Power

3.10 The National Core Spending Power figures for the period 2015/16 to 2020/21 are shown in Table 2 below. It shows an in year increase of 6.3% for 2020/21 and an overall increase for the period of 10.0%. However, there is a real term decrease of 4.8% over the period.

Table 2 Core Spending Power figures for England 2015/16 to 2020/21

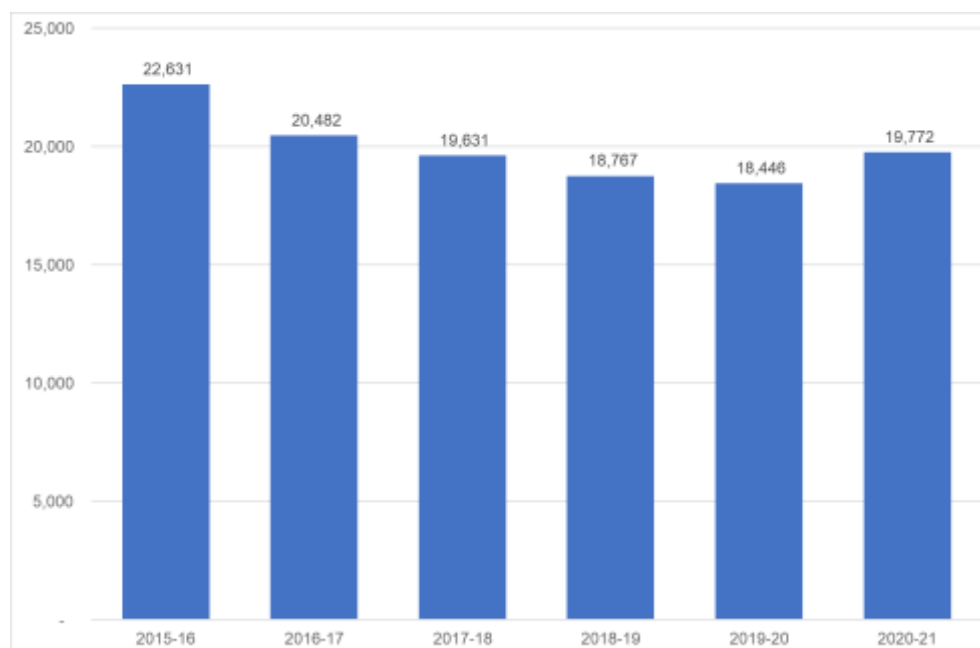
	2015-16 £m	2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m	2020-21 £m
Settlement Funding Assessment	21,250	18,602	16,633	15,574	14,560	14,797
Under-indexing the BR multiplier	165	165	175	275	400	500
Council Tax	22,036	23,247	24,666	26,332	27,768	29,370
Improved Better Care Fund	-	-	1,115	1,499	1,837	2,077
New Homes Bonus	1,168	1,462	1,227	947	918	907
New Homes Bonus returned funding	32	23	25	-	-	-
Rural Services Delivery Grant	16	81	65	81	81	81
Transition Grant	-	150	150	-	-	-
Adult Social Care Support Grant	-	-	241	150	-	-
Winter Pressures Grant	-	-	-	240	240	-
Social Care Support Grant	-	-	-	-	410	1,410
Core Spending Power	44,666	43,730	44,296	45,098	46,213	49,142
Change %		- 2.10%	1.30%	1.80%	2.50%	6.30%

Cumulative Change %		- 2.10%	- 0.80%	1.00%	3.50%	10.00%
Real Terms Change %		- 4.00%	- 2.50%	- 1.40%	0.10%	3.10%
Cumulative Real Terms Change %		- 4.00%	- 6.40%	- 7.80%	- 7.70%	-4.80%

Core Spending Power: Excluding Council Tax

3.11 Graph 1 below shows the level of central government funding to local government between 2015/16 and 2020/21 excluding Council Tax. It shows a reduction of £2.8bn from £22.6bn to £19.8bn, a reduction of 13%.

Graph 1 – Local Government Funding 2015/16 to 2020/21



Social Care Precept

3.12 The introduction of a social care precept was originally announced at SR2015. In the 2016/17 local government finance settlement, the government confirmed that there would be a 2% social care precept and that this would be available for four years up to 2019/20. The 2017/18 settlement altered the annual limit to 3%, but with a total increase of 6%, for the period 2017/18 to 2019/20. For 2020/21, a social care precept of 2% is allowed, continuing the original policy.

Council Tax

3.13 For 2020/21, there will continue to be differential limits that will trigger the need for a council tax referendum.

3.14 A referendum limit of up to 2% for all authorities except Shire Districts, Town & Parish Councils, and Mayoral Combined Authorities. For district councils, as in previous years there will be additional flexibility, with increases of less than 2% or up to and including £5 (whichever is higher) above the authority's relevant basic amount of council tax for 2019/20 can be made without triggering a referendum.

3.15 There will be no council tax referendum principles set for Mayoral

New Homes Bonus

3.16 The overall allocation (in the Core Spending Power figures) for each authority is based on the legacy payments for 2017/18 to 2019/20 plus the 2020/21 allocation. It should be noted that:

- As previously announced, the 2020/21 “in year” allocations will not have future years legacy payments;
- The deadweight for 2020/21 in year allocations remains at 0.4%;
- An additional £7m has been added to the £900m of funding, in order to allow the deadweight to remain at 0.4%; and
- The ministerial statement announced a Spring 2020 consultation on the future of the scheme, stating that “It is not clear that the New Homes Bonus in its current form is focused on incentivising homes where they are needed most” and the consultation will “include moving to a new, more targeted approach that rewards local authorities where they are ambitious in delivering the homes we need, and which is aligned with other measures around planning performance”.

3.16 Table 3 below shows that the “in-year” allocation for 2020/21 of £284m; this reduces the overall cost of the scheme by £11m, as £907m compared to £918m in 2019/20. It also shows the in-year allocation of £284m is the highest, since 2017/18 when the 0.4% deadweight was introduced.

Table 3 – New Homes Bonus national allocations

	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m
Prior Years	1,030	545	295	0
2017/18	197	197	197	197
2018/19	0	204	204	204
2019/20	0	0	222	222
2020/21	0	0	0	284
Total	1,227	946	918	907

Specific Grants £3,568m

3.17 Details of the Specific grants within the Core Spending Power are set out below and summarised in Table 4. Table 4 shows the 2019/20 levels, the changes previously announced, and the 2020/21 amounts announced at the final settlement.

Table 4 Specific Grant allocations within the Core Spending Power 2020/21

	2019-20 £m	SR19 £m	2020-21 £m
Improved Better Care Fund	1,837	240	2,077
Winter Pressures Grant	240	-240	0
Social Care Support Grant	410	1000	1410
Rural Services Delivery Grant	81	0	81
Total	2,568	1,000	3,568

3.18 Winter Pressures Grant. In 2019/20, £240m of additional funding was provided to councils to spend on adult social care services to alleviate

winter pressures on the NHS. This was allocated using the existing Adult Social Care Relative Needs Formula. The funding was ringfenced to support the NHS in dealing with Winter Pressures and pooled into the Better Care Fund. For 2020/21, the winter pressures funding has been incorporated into the Improved Better Care Fund line and must therefore form part of local authorities' contribution to the BCF, though is no longer ring-fenced for Winter Pressures.

3.19 Improved Better Care Fund. In 2019/20, £1,837m was allocated through the Improved Better Care Fund. This amount remains the same for 2020/21. The overall amount within the Core Spending Power now includes the £240m Winter Pressures Grant Funding (previously shown separately).

3.20 Social Care Support Grant. In 2019/20, £410m of additional (non-ring-fenced) funding was allocated for use for adult and children's social services. This was allocated using the existing Adult Social Care Relative Needs Formula, which will also be used to distribute this Social Care Support Grant funding. For 2020/21, as announced in Spending Round 2019, an additional £1bn of funding was added to this grant.

3.21 The additional £1bn has been allocated as per the technical consultation, this being:

- £850m to be allocated using the Adult Social Care Relative Needs Formula, as per the existing Social Care Support Grant (i.e. the £410m allocated in 2019-20), Croydon received £4.970m from this part; and
- £150m to equalise the impact of the distribution of the adult social care council tax precept, using the current Improved Better Care Fund equalisation methodology. Croydon received £0.075m from this part.

3.22 Under this methodology, the total estimated to be raised by the Social Care Precept (SCP) is added to the equalisation amount. This total is then distributed by need. Each authority's estimated SCP is then deducted. This leaves authorities who collect more SCP than their needs amount with a negative grant figure. These are set to nil, and all other authorities' grant amounts reduced accordingly. Therefore authorities, such as Croydon, receiving an amount from this equalisation 'pot' are likely to be receiving less than their needs based amount, as assessed by the formula (though the Government state that all authorities receive at least 97% of their needs based amount).

3.23 Rural Services Delivery Grant. For 2020/21, the funding amount (£81m) and methodology for distribution remain unchanged from 2019/20, though in light of the responses to the Technical Consultation it seems likely that the Government will review the allocation method in future.

3.24 Homelessness Funding (outside of Core Spending Power)
In the Spending Round 2019, Government announced an additional £422m resource funding for MHCLG to reduce homelessness and rough sleeping. On 23 December 2019, £263m of funding was committed for Local Authorities to prevent and relieve homelessness in their areas through the extension of the Flexible Homelessness Support Grant and the Homelessness Reduction Grant.

- 3.25 The Flexible Homelessness Support Grant replaced the Temporary Accommodation Management Fee for authorities. The initial grant allocations were announced for 3 years from 2017/18 to 2019/20. In 2020/21, Government has committed £200m so authorities will receive the same amount as in 2019/20.
- 3.26 The Homelessness Reduction Grant was introduced as New Burdens funding to allow authorities to fulfil their duties under the Homelessness Reduction Act 2017, which required authorities to intervene at earlier stages to prevent homelessness in their areas, and was supposed to end in 2019/20. In 2020/21, £62.9m has been allocated, a £38m increase on 2019/20. £47.9m was allocated in accordance with the original Homelessness Reduction Act New Burdens formula, updated for 2017/18 RO outturn data and homelessness statistics. The remaining £15m has been distributed partly regionally and partly using stage 2 of the New Burdens formula. The extension and increase of this funding seems to be an acknowledgement that the Government's original assessment of the cost of the Homelessness Reduction Act was incorrect.

Wider Local Government Funding Issues

- 3.27 A summary of wider local government funding issues is set out below.

Queens Speech & Business Rates Retention

- 3.28 In the Queen's Speech (19 December 2019) it was announced that there would be:
- A fundamental review of business rates. From Croydon's perspective, it is felt that whilst any change in how business rates is determined would alter the ability of each authority to collect business rates locally, local authority gains or losses from any change would not be expected i.e. as with revaluations, NNDR Baseline, and therefore Top Up / Tariff amounts would be adjusted to offset changes in the amount collected.
 - An increase to the retail discount relief (from 33% to 50%) and extension of this to cinemas and music venues, with extensions to pub and relief local newspaper relief planned. The lost business rates income from these new / higher reliefs announced will be, as per previous changes, offset by increased s31 grant payments.
 - The Government restated its commitment to a review of the business rates system and to move to three-yearly revaluations, beginning in 2021.

Dedicated Schools Grant

- 3.29 In September 2019, the Secretary of State for Education announced that Dedicated Schools Grant (DSG) funding for 2020/21 would rise by £2.6bn, plus £1.5bn to fund additional pension costs for teachers. Announcements followed in October 2019 confirming various elements and provisional allocations. The Government have now announced updated calculations reflecting the latest pupil numbers (using the January and October 2019 census data). Each local authority will, as usual, receive funding in four blocks, all of which have now been confirmed for 2020/21 (prior to recoupment of funding for Academies, which will be finalised in the coming months):
- Schools Block - Each local authority will receive a minimum of a 1.84% per pupil funding increase. The allocations also meet the Conservative

Manifesto commitment to provide at least £5,000 for every secondary school pupil, and £3,750 per primary pupil. Local authorities will now also be required to deliver these per pupil rates to schools in local funding formulae (though many areas' rates are already at this level, and authorities may, in exceptional circumstances, apply for disapplication for affordability reasons).

- Early Years Block – allocations announced before Christmas, following rates confirmed in October.
- High Needs and Central Services Block – as announced in October 2019, updated for pupil numbers.

3.30 The Dedicated Schools Grant (DSG) is a grant that funds all aspects of education that relates directly to children. In March 2016 the DfE announced the National Funding Formula (NFF) proposals and in the two consultations that followed set out the intentions for school funding going forward. The intention was to implement the NFF by December 2016. However, in May 2017 the government announced that the NFF implementation would be delayed until April 2018 with a soft implementation of the NFF being available to Local Authorities (LAs) for 2018/19 and 2019/20 with a further extension to include 2020/21 (announced in July 2018).

3.31 It remains the government's intention that the schools budget should be set on the basis of a single NFF from 2021/22 and for 2020/21, LAs will continue to determine final funding allocations for schools through a local formula allowing LAs, following Schools Forum authorisation, to apply local rates / amounts to each of the factors that determine the allocation (such as Minimum Funding Guarantee and income deprivation affecting children) prior to the distribution of funding to schools. Croydon's School Forum finalised those decisions on 11th November 2019.

3.32 The DSG consists of four blocks: a Schools block; an Early Years block; a High Needs block; and the Central Services Schools Block (CSSB).

Independent Living Fund

3.33 Following the closure of the Independent Living Fund (ILF) in June 2015, the government agreed to continue funding pre-existing ILF arrangements until the end of 2019/20, through the Former ILF Recipient Grant. The ministerial statement confirmed that the former ILF Recipient Grant will continue to be paid to local authorities in 2020/21.

3.34 The total value of the grant in 2020/21 will be maintained at the 2019/20 value of £161m, with the same approach to individual local authority allocations.

Local Government Funding Reforms

3.35 There were no additional papers published or mentioned relating to the local government funding reforms that are planned for introduction from April 2021 (i.e. Fair Funding, Business Rates Retention, the full reset of the business rates baselines or the potential Alternative Business Rates Retention System).

Public Health grant

- 3.36 From 1 April 2013 the responsibility for the management of Public Health (PH) services in the borough transferred to the Council from the NHS. This brought about a range of new responsibilities including providing PH advice to Croydon CCG, tackling smoking, alcohol misuse and obesity, sexual health services, health inequalities and substance misuse including in-patient care. Additional funding was received in 2016/17 for the transfer to the Council of new responsibilities from NHS England for Health Improvements 0-5 years which took place on 1st October 2015.
- 3.37 The ring-fence grant is used to commission a range of mandated service from external and internal provider's e.g. Health visiting, Substance misuse services, sexual health services etc. As well as providing resources for services within Croydon council that improve the health and wellbeing of the people in Croydon.
- 3.38 A review of the services that are commissioned as well as a detailed review of the resources that are provided for services within the Council has been carried out during 2019/20 to ensure that the funding is utilised in the most effective manner and delivers on public health outcomes.
- 3.39 Funding for 2020/21 remains unconfirmed at the time of writing this report but a real terms increase of at least 1.84% was announced in the draft settlement. In 2019/20 our Public Health Grant is £20.8m.

4.0 Medium Term Financial Strategy (MTFS)

- 4.1 The current approved Financial Strategy covers the period 2018/22 and will be refreshed later this year for the period 2020/23. The current MTFS was approved by Council in October 2018 and is detailed in table 5 below. The MTFS pulls together in one place all the financial implications of the Council's strategic priorities to produce a costed plan to enable long term financial planning and enable financial sustainability.
- 4.2 The MTFS is designed to aid strategic planning and is particularly important during this time of funding uncertainty. The ongoing Fairer Funding Consultation means that the level of government funding beyond 2020/21 is unknown and therefore makes planning of the strategy more difficult. We would hope to be able to do a full MTFS refresh once there is greater clarity on local government funding and the overall Spending Review, which will hopefully be detailed in the national budget in March.
- 4.3 While the MTFS will outline all the key Council financial priorities for the future years. It will make assumptions in some areas due to uncertainty and therefore regular reviews and updates of the Strategy are fundamental to maintain a strong financial grip.
- 4.4 The focus of our work to date has been to get to a balanced budget position for 2020/21 that can be presented to Cabinet in February and Council in March 2020, therefore reducing the previously forecast budget gap of £12.5m to zero.

Table 5 – Budget gap – MTFS published October 2018

	2020/21 £m's	2021/22 £m's	Total £m's
Budget Gap	12.5	7.7	20.2

5.0 Corporate Assumptions - 2020/21 budget

Council tax

- 5.1 Council tax income made up £180m of the 2019/20 budget, over 65% of the net income and is therefore a very significant element of the council's budget. The draft budget for 2020/21 assumes that council tax is increased by 3.99%. This increase comprises of 1.99% Croydon Council Tax and the additional 2% relates to the ASC precept allowed. The overall increase in council tax generates an additional £7m.
- 5.2 Also as a result of increases in the number of households liable for council tax and improved collection, a further £4m is expected in council tax from council tax base improvements.
- 5.3 Council tax income for 2020/21 after allowing for both increases referred to above would equate to £11m.

Grants

- 5.4 As set out in section 2 of the draft settlement. There has been a number of changes in grant income that have to be taken into account in the 2020/21 budget. The overall change is a net gain of £5.7m. However, it should be noted that the Government has ended the London Business Rates Pool, which results in a loss of £4.8m.

Inflation

- 5.5 The budget for 2020/21 needs to take account of changes in the cost of living/inflation. A pay award of at least 2% for all staff has been assumed, although the unions have put in a substantially higher claim. Additionally a number of council contracts are subject to indexation each year. The overall cost of this is inflation is £7.2m and needs to be managed within the Council's overall budget. We have assumed that all departments will find efficiencies, over and above departmental savings, to manage these budgetary pressures.

Capital Programme and borrowing

- 5.6 The council's capital programme assumes the taking out of new borrowing to fund projects that require debt. The assumption overall is that there will be borrowing of circa £277m in 2020/21 and an additional amount of **£2m** has been added to the revenue budget to fund the associated interest payments. This additional cost of borrowing amount excludes borrowing for specific programmes where the borrowing is repaid to the Council, examples of these programmes are: Growth Zone, the asset acquisition fund and the revolving investment fund.

6.0 Local Government Finance Settlement 2020/21 – Croydon

- 6.1 The published Core Spending Power (CSP) figures for Croydon are shown in the table below. Croydon's CSP for 2020/21 is £308.7m, an increase of £20.8m on the 2019/20 amount. However, it should be remembered that the CSP figures for the Settlement Funding Assessment and Council Tax are Ministry of Housing Communities and Local Government (MHCLG) forecast amounts only; with actual resources determined by the amount of business rates and council tax collected locally.
- 6.2 The funding per head reduces in real terms from £721 per person in 2015/16 to £667 in 2020/21. This is a reduction of 7.4% or £54 per head. If funding was held at the same rate per head in real terms over the period Croydon would an extra £24.7m (£62 per head) in 2020/21.

Table 6 Croydon's Funding Allocations 2015/16 to 2020/21

	2015-16 £m	2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m	2020-21 £m
Settlement Funding Assessment	132	114.6	101.7	94.5	86.8	88.2
Under-indexing the business rates multiplier	1	1	1	1.6	2.4	3
Council Tax	133.4	143.5	155.1	167.4	180	193.1
Improved Better Care Fund	-	-	5.5	7.1	8.3	9.7
New Homes Bonus	9.6	11.8	8.5	6.3	6.7	7.3
New Homes Bonus returned funding	0.2	0.2	0.2	-	-	-
Transition Grant	-	0.4	0.4	-	-	-
The Adult Social Care Support Grant	-	-	1.4	0.9	-	-
Winter pressures Grant	-	-	-	1.4	1.4	-
Social Care Support Grant	-	-	-	-	2.4	7.4
Core Spending Power	276.3	271.4	273.8	279.1	287.9	308.7
Population	383,300	386,700	390,100	393,600	397,000	400,200
Core Spending Power Per Head	721	702	702	709	725	771
Core spending power real terms	276.3	266	258.4	255	256.8	267.1
Core spending power per head - real terms	721	688	662	648	647	667

- 6.3 Table 6 shows an increase in funding for Croydon over 2015/16 to 2020/21 of £32.4m in cash terms or 11.7%. However, it is important to note that this includes forecast increased council tax revenues over the period of £59.7m. Excluding Council Tax revenues sees a cash reduction in funding over the period of £27.3m or 19%. Further details of each funding stream included within Croydon's Core Spending Power and the extent to which the MHCLG's figures are relevant to Croydon is discussed below.

New Homes Bonus

- 6.4 Croydon's New Homes Bonus (NHB) allocation for 2020/21 is £7.3m, as shown in table 7 below. This is comprised of £4.6m legacy payments from previous years and an in-year payment of £2.7m.

Table 7 Croydon's NHB Forecast Funding Allocations 2019/20 to 2022/23

	2019/20 £m	2020/21 £m	2021/22* £m	2022/23* £m
2016/17 allocation	2.1	0	0	0
2017/18 allocation	1	1	0	0
2018/19 allocation	1.8	1.8	1.8	0
2019/20 allocation	1.8	1.8	1.8	1.8
2020/21 allocation	0	2.7	0	0
No future years' allocations forecast	0	0	0	0
Equals NHB Funding (£m)	6.7	7.3	3.6	1.8

**projected*

- 6.5 The 2017/18 settlement included a number of changes to the New Homes Bonus scheme, including only 4 years' worth of payments for 2017/18 onwards (previously 6). For 2020/21 it was announced that the 2020/21 "in-year" payment (£2.7m in table 4 above) would not have any future years' legacy payments. This means that Croydon will not benefit from 4 years' worth of the £2.7m 2020/21 allocation, which was the highest in-year allocation Croydon had received since the 2017/18 reforms.
- 6.6 It was also announced that there would be a consultation in Spring 2020 concerning the future of the scheme, with the intention of moving it towards a more targeted approach. It remains to be seen how this new approach will affect Croydon and therefore it is assumed for now that future years' payments will only reflect legacy payments outstanding from 2018/19 and 2019/20 (although these could also be withdrawn).

Social Care Grants

- 6.7 The Social Care Support Grant has been renamed the Social Care Grant and will be increased by £1bn in 2020/21 to £1.4bn. For Croydon this is an increase in funding of £5m, from £2.4m in 2019/20 to £7.4m in 2020/21.
- 6.8 Winter Pressures Grant has been rolled into the Improved Better Care fund, with no change to funding levels overall. In 2020/21 we will continue to receive a total of £9.7m, the same as awarded in 2019/20.

London Business Rates Pilot / Pool

- 6.9 The London Pilot provided an opportunity for all London authorities to gain from the business rates growth across the region in 2018/19 (at 100% retained growth) and 2019/20 (at 75% retained growth). For 2020/21 the government announced that there would be no pan London Business Rates Pilot, with only the Greater London Authority (GLA) able to retain a higher proportion growth (as per the 2017/18 arrangements).
- 6.10 However, for 2020/21 the London Boroughs and the City of London Corporation have joined with the GLA to form a London Business Rates Pool, thereby allowing some of the growth that would have left the region (albeit a much smaller amount than under the pilot) to be retained across the boroughs.

- 6.11 As with the 2018/19 and 2019/20 pilots, the gains are dependent on the business rates collected across all of the boroughs, it is therefore difficult to predict the outcome for Croydon at this stage. Once 2020/21 NNDR1 forms have been completed and collated, a forecast level of gain for each of the billing authorities will be possible. However, this will only be a forecast and the final amount will not be known until the actual business rates collected in 2020/21 is determined. The current estimate is that this will be a loss of £4.8m for Croydon.

Local Government Funding Reform

- 6.12 The outcome of the Fair Funding Review on relative need, the planned move to 75% Business Rates Retention and a full reset (removing the business rates growth from all authorities and re-distribute it according to need) has been put back from 2020/21 to 2021/22.

Fair Funding Review

- 6.13 There has been very little information from the Fair Funding Review in the past 12 months. Therefore, the indications remain from the Relative Needs consultation of elements that could result in Croydon losing, notably relating to use of geographical size as a factor, which could penalise urban areas.

Business Rates Reform

- 6.14 The move to 75% Business Rates Retention should not have an impact on funding levels. The Top Up grant received by Croydon would be adjusted to reflect funding lost through grants being added to the Settlement Funding Assessment and a higher proportion of business rates income being retained locally.
- 6.15 It is not possible to determine if the delay to the reset of business rates had an adverse impact on resources in 2020/21 for Croydon. This would require a comparison between the post reset funding system against actual 2020/21 business rates collected (including gains from the London Pool).

Settlement Funding Assessment per head across London

- 6.16 Table 8 below shows the Settlement Funding Assessment per head for each London Borough (excluding the City of London) and shows Croydon ranked as 20th, receiving £220 per head in 2020/21, whereas neighbouring Lambeth will receive £430 per head. If Croydon were funded at the London average of £297 per head for 2020/21 it would receive an additional £32m.
- 6.17 Croydon has an average of £247 per head over the five year period; this compares to the London average of £326.

Table 8 – Settlement Funding Assessment per Head

	SFA (£ PER RESIDENT)						Avg. over the 5 years	Rank in 2020/21
	2016-17	2017-18	2018-19	2019-20	2020-21			
London	381	341	318	295	297	326		
Hackney	615	562	530	496	498	540	1	
Westminster	573	526	498	469	473	508	2	
Southwark	568	519	491	460	463	500	3	
Islington	555	503	472	440	442	482	4	
Tower Hamlets	553	501	469	436	436	479	5	
Hammersmith and Fulham	523	480	456	428	435	465	6	
Lambeth	526	480	454	425	430	463	7	
Camden	545	489	457	423	425	468	8	
Newham	493	452	427	401	404	435	9	
Kensington and Chelsea	510	458	429	396	403	439	10	
Lewisham	484	440	413	385	387	422	11	
Greenwich	457	415	390	363	365	398	12	
Haringey	458	415	389	361	364	397	13	
Brent	417	379	357	333	337	365	14	
Barking and Dagenham	422	383	359	334	334	366	15	
Waltham Forest	393	354	332	308	311	339	16	
Wandsworth	354	325	308	290	293	314	17	
Ealing	344	309	289	267	271	296	18	
Enfield	341	305	283	261	263	291	19	
Croydon	296	261	240	219	220	247	20	
Hounslow	282	249	230	210	212	236	21	
Sutton	285	247	225	202	204	233	22	
Redbridge	269	237	218	199	200	224	23	
Merton	267	232	212	191	193	219	24	
Hillingdon	239	206	187	168	169	194	25	
Harrow	233	199	180	160	162	187	26	
Barnet	232	198	179	158	159	185	27	
Bexley	224	192	173	154	155	180	28	
Havering	205	172	153	133	133	159	29	
Kingston upon Thames	182	146	126	119	119	138	30	
Bromley	171	140	122	111	111	131	31	
Richmond upon Thames	168	124	108	110	111	124	32	

Homelessness Funding

- 6.18 Flexible Homelessness Support grant will remain at 2019/20 levels, and additional monies have been allocated under the New Burdens Act for Homelessness Reduction. In total we will receive £6.6m in 2020/21, compared to £5.86m in 2019/20, an increase of £0.74m.
- 6.19 For 2020/21 Croydon has been allocated £5.5m Flexible Homelessness Support Grant (the same as in 2019/20) and £1.2m in Homelessness Reduction Grant. This funding for local authorities is outside of the Core Spending Power amounts.

External Financial Environment

Spending Round 2019 and Settlement 2020/21

- 6.20 Spending Review 2015 covered the four year period 2016/17 to 2019/20. It was the intention of the government to hold a new Spending Review in 2019, covering the period 2020/21 to 2022/23. However, due to the uncertainty regarding Brexit, it was announced that a one-year Spending Round would be provided, covering the financial year 2020/21 only; and that this would be followed in 2020 by a full Spending Review, reviewing public spending as a whole and setting multi-year budgets.
- 6.21 The Chancellor of the Exchequer published the government's Spending Round on 4 September 2019, setting out public expenditure plans for 2020/21.
- 6.22 The key announcements made in the Spending Round and subsequently the Provisional Finance Settlement on 20th December 2019 (and confirmed in the final settlement published 6th February 2020).
- 6.23 Due to the General Election in December 2019 there was no Autumn Budget 2019. Instead a Spring Budget 2020 is planned for March 11th 2020.

7.0 Department Assumptions 2020/21 budget

- 7.1 Alongside the corporate assumptions that underpin the 2020/21 budget, work has been ongoing to ensure that departmental and service estimates are accurate. This is the key element of the budget where movement in resources between services can be identified. This reflects growth, savings and income. Appendix A sets out the detailed list of growth, savings and options across the four departments of the council. Table 9 below shows the movements within departments and at a corporate level from 2019/20 to 2020/21.

Table 9 – Cash Limit Movement

Department	Cash Limits 19/20	Growth	Savings and Income	Other Movements	Cash Limits 20/21
	£M	£M	£M	£M	£M
Children, Families and Education	79.372	10.112	-8.027	-0.100	81.357
Health, Wellbeing and Adults	114.046	21.237	-16.194	-0.315	118.774
Place	45.445	6.799	-9.946	0.574	42.872
Resources	36.553	7.205	-6.082	-0.159	37.517
Dept Total	275.416	45.353	-40.249	0.000	280.520
Corporate Items	275.416	-19.771	24.875	0.000	280.520

- 7.2 The projected department overspend in 2019/20 is **£4.781m**, excluding the exceptional items detailed in paragraph 8.6 below. The main areas of overspend continue to derive from demand led services, particularly placements for Looked After Children and are a continuation of pressures experienced in previous years.

Children, Families and Education including UASC

- 7.3 Significant additional resources were allocated as part of the 2018/19 and 2019/20 Children's Social Care budgets; in particular total additional growth of £22.2m addressing pressure in a range of areas, most of which feature in the Children's Services Improvement Plan. This is in addition to £0.7m in Resources (Business Support base budget) to ensure the staffing structure and budget support both the level of demand being experienced and also the areas of focus for improvement.
- 7.4 Additional one-off investment funding via the Council's Transformation Reserve is also being used to support the implementation of the improvement plan. The estimated cost of this plan over the three years since the Ofsted inspection is expected to be £20m (of which £3.2m and £9.8m was spent in 2017/18 and 2018/19, respectively).
- 7.5 The level of one-off funding is based on a detailed assessment of the costs associated with the improvement plan and the improvements that will be achieved as a result of the investment have also been identified and are regularly monitored.
- 7.6 The exceptional items as reported to Cabinet in the Quarter 3 financial monitoring report relate to UASC, NRPF and Appeal Rights Exhausted (ARE), which we are continuing to lobby the government to fund as set out in paragraph 6.19. As stated, the UASC increased cost is as a result of the Home Office continuing to only fund an wholly inadequate fixed rate per child and the number of UASC remaining in Croydon, above the National Transfer Scheme rate of 0.07% of the borough's child population, together with the failure to recognise the gateway authority-specific costs which the Home Office used to fund at some £6m. Further, while our numbers of UASC are decreasing, direct and indirect service provision costs are not decreasing at the same rate.

Alongside the response to the Fair Funding Review Croydon continues to lobby the Government for fair funding in Croydon in relation to two specific service areas. These are No Recourse to Public Funds (NRPF) and Unaccompanied Asylum Seeking Children (UASC) funding.

- 7.7 Funding for UASC and Immigration remains a risk, and we are continuing to make a concerted drive for fairer funding for Croydon. The Leader of the Council, the Cabinet Member for Finance and Resources and senior officers continue to lobby the government for adequate funding and recognition of the additional costs burdens of a Gateway authority. We have also highlighted a number of other areas where prioritisation by the Home Office could result in a saving to Croydon, including prioritising unresolved appeals for families with no recourse to public funds and a co-ordinated approach to enforcement action with individuals where appeal

rights are exhausted. Until the agreement is reached to fund these services these remain a financial risk to Croydon.

- 7.8 The UASC pressure continues to be as a result of the Home Office only funding a fixed rate per child, which does not accurately reflect our costs for looking after those children, nor the costs of acting as a 'gateway' authority and looking after and accommodating many more UASC above the National Transfer Scheme Rate. The fall in the number of UASC has exacerbated this issue. While our numbers of UASC are decreasing from a height of 428 in 2016 to 261 at January 2020, direct and indirect service provision costs are not decreasing at the same rate. Options to reduce this funding gap through the reduction of costs and maximising Home Office income are still continuing to be explored.
- 7.9 Despite providing an additional £30m of funding in 2019/20 where Upper Tier and Unitary Local Authorities benefited from an increase in rates to £114 per UASC per night, as Croydon was already in receipt of this rate we received no further increase. Representations continue to be made to central government, making a case for the extraordinary circumstances experienced in Croydon of supporting a large cohort of UASC and former UASC care leavers.
- 7.10 In terms of UASC and NRPF for former UASC, the Council is facing an estimated £9m annual shortfall
- 7.11 The NRPF pressure remains due to the impact of the failure of Central Government to implement the provisions of the Immigration Act.
- 7.12 The total 2019/20 forecast cost of UASC for the Council is £8.2m and includes Children's Social Care costs, along with costs associated with education and health for these young people.
- 7.13 The NRPF pressure remains due to the impact of the failure of Central Government to implement the provisions of the Immigration Act. In addition to these exceptional items Croydon also funds in excess of £4m of other costs relating to NRPF across Adults, Children's and Gateway services from our own resources.
- 7.14 A further £9m of growth is provided for in the 2020/21 budget to deal with the level of demand and the pressures around lack of funding of UASC.

Health, Wellbeing and Adults

- 7.15 Adult Social Care has continued to see increases in demand for services above budget and there is a projected net overspend as at Q3 of £9.891m in 2019/20. Areas of significant overspend continues to be in 25-65 Disability Service and Older People and following agreed in year savings, overspends are £4.0m and £6m respectively. This is the result of rising demand in Domiciliary Care, Nursing and Residential placements where there is an increase in placement costs and complex cases. Since April 2019 in the 25 – 65 Disability Service, there has been an increase of 37,000 planned hours of domiciliary care and an increase of 22 nursing and residential clients (note: this is a net figure as some clients also leave care during the year, however they tend to be cheaper care packages whereas

the new ones can be extremely complex and high cost, particularly for clients transferring into social care from health-funded Continuing Health Care or Transforming Care).”

- 7.16 To manage the increase costs in Adult Social Care, medium/long term savings will be sought by driving service provision costs down, for example through enabling Occupational Therapy led domiciliary care and increasing Learning Disability and Mental Health Supported living/housing. There will be a review of services provided by external contractors, maximising income and a focus on Localities based working. The council will look to strengthen partnership with health, increase investment from health, continue to invest in prevention and early intervention, drive community led support models building on people and community assets, redesign the workforce and increasing investment in digital solutions. There will also be continued lobbying of government to fund Croydon adequately for services provided.

Gateway Services

- 7.17 Gateway services continue to focus on managing demand for homelessness services and helping residents with prevention measures. Additional funding of £2.8m has been allocated to this service to ensure the service can continue to support the most vulnerable residents, with savings from managing demand and need early expected in adult social care services, children’s social care services and housing.

Savings and Income

- 7.18 The full list of savings and income options included in the 2020/21 budget are set out in Appendix A.
- 7.19 The key department savings and income options included in the draft 2020/21 budget are:-
- 7.19.1 Income generation – due to the reduction in government funding for local government over the last decade Councils have had to operate in a more commercial manner, with income generation being a key element. The draft 2020/21 budget includes over £4m of additional income assumptions, from fees, charges and fines, including additional enforcement.
- 7.19.2 The budget continues to implement our asset investment strategy that was approved at Council in October 2018. Provision has been made in the capital programme for investment in properties that will generated an annual revenue return which will be used to deliver services. This budget assumes that an extra £4m will be generated as a result of investment in commercial assets.
- 7.19.3 The budget assumes a £3m rise in the dividend from Brick by Brick.

8.0 Local Taxation Charge for 2020/21

- 8.1 The council tax change for the Croydon element of the charge for 2020/21 is recommended to be **3.99%** in accordance with Appendix E of the report.

- 8.2 This decision includes a 2.0% increase for the Government's' adult social care precept that was approved as part of the Local Government Finance Settlement. This is contained in Appendix D, with the Band D effect shown in table 10 below.

Table 10 – Local Taxation for 2020/21

Band D	2020/21	Increase	Annual Increase	Weekly Increase
	£	%	£	£
Croydon	1,325.12	1.99%	27.79	0.53
Adult Social Care Precept	126.91	2.00%	27.93	0.54
	1,452.03	3.99%	55.72	1.07

- 8.3 Table 11 gives details of both the increases to the Croydon element of the council tax and the Adult Social Care precept over the last 3 years and the increase being recommended for 2020/21.

Table 11 – Croydon Council percentage increase since 2017/18

	2017/18	2018/19	2019/20	2020/21
Croydon Council Percentage change	1.99%	2.99%	2.99%	1.99%
Adult Social Care Precept	3%	2%	1%	2%

- 8.4 Alongside grant income, local taxation is the other major income stream that impacts on the budget setting of the council. The Collection Fund accounts for taxation from Council Tax and Business rates. Further detail can be found in Appendix C.
- 8.5 **Council Tax base:** The number of domestic properties in the borough from which Council Tax can be collected is described as the Council tax base, and the number is converted into Band D equivalent units. An increase in council tax base will enable a higher level of general fund budget to be supported. The calculation of the Council Tax base is set out in Table 12 below:
- 8.6 It is anticipated that there will be an increases in the Council tax base of 2.9% compared to the 2019/20 base, which will enable further expenditure to be supported in the 2020/21 general fund budget as shown in table 12 below. The Council tax base is adjusted for anticipated collection rates, which are estimated to remain at 97.50% for 2020/21.

Table 12 - Increase in Council Tax Base

	2019/20	2020/21	Change
Number of Dwellings	159,898	164,881	4,983
Conversion of dwellings into Band D equivalent units	132,237	136,133	3,896
Less: anticipated losses on collection	-2.50% -3,306	-2.50% -3,403	-97
Collectable Council Tax Base – net Band D dwellings	128,931	132,730	3,799

	2019/20	2020/21	Change
	£	£	£
Band D charge (Croydon)	1,396.30	1,452.03	55.73
Council Tax Funding (Croydon)	180,028,000	192,727,000	12,699,000

- 8.7 It should be noted that the council tax base is shown net of the impact of Council Tax support scheme. This reduces the council tax funding by £28.5m.

Projected Collection Fund Surplus / Deficit

- 8.8 The Collection Fund surplus / deficit is a combination of the anticipated position of both Council tax and business rates at the 31 March 2020. Surpluses mean more tax is due than was anticipated, whereas a deficit indicates the estimated amount paid was greater than actual tax due in the year.
- 8.9 Council Tax - Croydon's share of an anticipated council tax surplus available in 2020/21 is £0.604m. Whilst there has been a council tax surplus in the last 5 years as a result of tax base growth and improved collection rates, the Council is now recognising the base growth by increasing the precept payment at the start of the year. This reduces any surplus available at the end of the year.
- 8.10 Business Rates – the anticipated position of Croydon's share is a deficit of £1.725m for 2019/20, which will be repaid into the Collection Fund during 2020/21. This is a result of a range of factors, including higher empty premises relief than anticipated. The impact on the general fund is however offset by an additional £1.9m of Section 31 grant, which is compensation from central government for reduced business rates income caused by changes in central government policy.
- 8.11 Any difference between the projected surplus and final surplus for 2020/21 will be carried forward within the collection fund, for consideration in 2021/22's general fund budget.

9.0 Greater London Authority Precept 2020/21

9.1 On 18th December 2019, the Mayor of London announced his provisional proposal to increase his share of council tax by 1.99%, £6.41. The Mayor's key objective in this Budget is to support London's further success, entrepreneurial spirit, thriving economy, extraordinary diversity and creativity, tolerance and openness to the world.

9.2 This proposal was revised following the announcement of the police grant settlement and the provisional increase is now 3.6%, £11.56 which is £5.15 higher than the original provisional announcement in December 2019.

9.3 The key deliverables in this Budget are set out below:

- increases funding to ensure we will have over 31,000 police officers in London;
- supports my efforts to help those most in need cope with the increased cost of living in London;
- pushes ahead with my ambitious plans to make London a cleaner, safer, healthier city through investment to improve London's streets and create better and more accessible public transport;
- continues to tackle London's housing crisis by supporting thousands of new homes for social rent as part of my commitment to start at least 116,000 new genuinely affordable homes by 2022;
- increases funding to the LFB to ensure fire engines continue to arrive at emergency incidents within their targets;
- provides the funding to complete the delivery of East Bank, the arts, cultural and educational district on Queen Elizabeth Olympic Park; and
- reprioritises the development at Old Oak Common in the light of Uncertainties that have crystallised over the past few months.

9.4 The Mayors consolidated budget is set out in table 13 below and the budget will be agreed on 24th February 2020.

Table 13 – Mayors Consolidated Budget 2019/20 and 2020/21

Component Council Tax Requirements	Approved 2019/20 £m	Proposed 2020/21 £m
GLA (Mayor)	67.60	66.6
GLA (Assembly)	2.60	2.6
MOPAC	725.2	767.1
London Fire Commissioner	159.2	168.6
Transport for London	6.0	6.0
Consolidated Council Tax Requirement	960.6	1,010.9
Total Band D council Tax Payable in :		
32 London Boroughs	320.51	332.07

9.5 This overall resultant council tax increase is set out in table 14 below.

Table 14– Local Taxation increase and the GLA Tax increase

Band D	2020/21	Increase	Annual Increase	Weekly Increase
	£	%	£	£
Croydon	1,325.12	1.99%	27.79	0.53
Adult Social Care Precept	126.91	2.00%	27.93	0.54
Greater London Authority	332.07	3.60%	11.56	0.22
	1,784.10	3.92%	67.28	1.29

9.6 The overall increase on the total bill for the residents of Croydon is 3.92%.

10.0 DSG CROYDON

10.1 Following the Spending Review announcement of an additional £7.1 billion in education funding over a three year period from 2020/21, Croydon's DSG allocation has increased accordingly.

10.2 In 2020/21, Croydon will receive £364.306m in funding through the Dedicated Schools Grant (DSG), an increase of £21.3m in funding or 6.2% since 2019/20, compared to 4.3% increase across London and 5.8% nationally.

10.3 This increase in funding follows a decade of real term reductions in per pupil funding for statutory school aged pupils (5 – 16 years old). In January 2020, the Department for Education (DfE) released trend data on school revenue funding revealing that the total amount of funding through specific grants¹, in cash terms, allocated to English schools for 5-16 year olds had grown over the last nine years as the total pupil population has grown. The total funding allocated to schools was £44.5 billion in 2019/20, an increase of 27.4% compared to the £35.0 billion allocated in 2010/11.

10.4 Total funding also grew over this time in real terms (adjusted for price changes using the GDP deflator), increasing by 8.8%. Funding increased in real terms in each year during that period with the exception of a slight fall in 2016/17 compared to 2015/16.

10.5 On a per-pupil basis the total funding allocated to schools for 5-16 year olds, in cash terms, in 2019/20 was £5,940, a 14.8% increase compared to £5,170 allocated per pupil in 2010/11. In real terms, funding per pupil

was broadly flat between 2010/11 and 2015/16 at just over £6,000 in 2019/20 prices. It then fell by 4.2% over 2016/17 and 2017/18, but subsequently increased by 1.9% over 2018/19 and 2019/20, in part as a result of additional funding provided in respect of teacher pension employer contribution costs.

- 10.6 Over a shorter period, in cash terms Croydon's per pupil funding was £6,166 in 2019/20, a 7.1% increase compared to £5,757 allocated for statutory school age pupils in 2013/14. In real terms, funding per pupil over the same period fell by 3%. Croydon's total DSG (excluding the Early Years Block) changes, in cash and real terms, since 2017/18 is summarised in the table 15 below:

Table 15 - Funding per pupil

DSG Block	2017/18 £'m	2018/19 £'m	2019/20 £'m	2020/21 £'m
Schools	241.77	243.87	247.51	262.96
High Needs	58.82	60.21	61.09	66.80
Central School Services		6.18	6.12	5.83
Total DSG (exc Early Years)	300.59	310.26	314.72	335.59
Pupil numbers	50,424	50,777	51,037	51,023
Per pupil funding	£5,961.27	£6,110.29	£6,166.47	£6,577.45
Funding change	1.1%	2.5%	0.9%	6.7%
Inflation (CPI)	1.9%	1.8%	2.0%	1.8%
Real terms funding change	-0.8%	0.7%	-1.1%	4.8%

¹ Dedicated schools grant (including the schools block, most of the high needs block and the central school services block (CSSB); but excluding the early years block and post-16 funding in the high needs block); Pre-16 high needs place funding in non-maintained special schools, special and alternative provision free schools; Pupil premium; Supplementary free school meals grant; Teachers' pay grant (TPG); and Teachers' pension employer contribution grant (TPECG).

Schools Block

- 10.7 The Schools Block 2020/21 allocation is £262.963m (before recouplement), which is an increase of £15.451m since 2019/20 mainly to accommodate the overall increase in Education funding for 2020/21.
- 10.8 The minimum funding guarantee (MFG) will continue to be applied, hence every school or academy will see an increase in funding of at least 0.5% per pupil compared to its 2019/20 budget (this excludes sixth form funding). MFG protects schools' budgets from large changes in funding based on factor changes. It protects on a £/per pupil basis. This means it will not protect a school against falling roll numbers.
- 10.9 The NFF provides two per pupil funding rates, one for primary pupils and one for secondary pupils. In 2020/21, the respective funding rates are £4,504.90 and £5,986.57. The 2019/20 rates per pupil were £4,293.34 for primary pupils and £5,460.8 for secondary pupils. Croydon is, on a per pupil basis for primary and secondary pupils, ranked 24th out of 32 London boroughs. This ranking has risen by one place since 2019/20. Although Croydon has seen an increase in its funding allocation, boroughs nearest to us have also received an increase. This results in the continuation of

the gap between how much extra a pupil in one of our nearest neighbours is funded compared to Croydon.

Early Years

10.10 The Early Years 2020/21 indicative allocation is £28.707m an increase of **£0.443m** since 2019/20 again mainly to accommodate the overall increase in Education funding for 2020/21. The final allocation will be adjusted following the January 2020 census.

10.11 The Early Years block allocation for Croydon is based on a nationally set rate of a:

- £5.21 hourly rate for three and four year olds; and
- £5.74 for two year olds

This has increased from funding rates of £5.13 and £5.66, respectively.

The allocation will be updated following the January 2020 census. The proposed rates based on the indicative 2020/21 allocation are:

- A (provisional) increase in rate for three and four year olds in 2020/21 to £4.87 (£4.73 in 2019/20)
- £5.74 for two year olds

High Needs

10.12 Funding for High Needs provision continues to be area of increased budget pressure nationally and Councils including Croydon have developed Special Educational Needs and Disability (SEND) strategies to ensure services are delivered efficiently and effectively to meet demand and need. Croydon Council has reviewed SEND demand, practice and provision and engaged with stake-holders, including parents, young people and schools to inform the development of five year SEND Strategy that was implemented in 2019/20.

10.13 The High Needs 2020/21 allocation is £66.804m, which is an increase of £5.718m since 2019/20. This allocation is based on the October 2019 census, with further adjustments to be made for January 2020 census.

10.14 At as the end of 2018/19, the High Needs block forecast overspend was £13.041 million (including previous years overspends). The 2019/20 Quarter 3 High Needs Block forecast overspend is £5.351 million, bringing the cumulative High Needs deficit to £18.392 million.

10.15 The budget pressures are principally attributable to the increase in demand, which has led to an over-reliance on the independent / non-maintained sector, due to shortage of local state funded special schools and / or resourced provision. This is being addressed and a strategy developed to move to a more sustainable framework. Table 16 below illustrates the increase in the number of Education and Health Care Plans compared to the increase in High needs funding since the introduction of the EHCP regulations in 2014/15.

Table 16 Impact of EHCP regulations

Year	Funding £'m	Funding Change	Number of EHC Plans	Percentage increase in number of EHC Plans	Percentage of Total Pupils
2014/15	48.90		2,044		4.5%
2015/16	51.41	5.1%	2,074	1.5%	4.5%
2016/17	51.24	-0.3%	2,217	6.9%	4.8%
2017/18	51.63	0.8%	2,491	12.4%	5.0%
2018/19	58.82	13.9%	2,693	8.1%	5.3%
2019/20	60.21	2.4%	2,999	11.4%	5.9%

The increase in 20/21 will mean there will have been a 24% real terms increase in funding since 2014/15. However, over the same timescale, we will have seen an increase in EHC plans of over 50%

- 10.16 Croydon Council has a long term plan to increase special schools, Enhanced Learning Provision and post 16 specialist places, including a new free special school with 150 places opening in September 2021. Through this strategy the intention is to provide an effective pathway of local education provision for young people which is an efficient use of resources and supports young people in becoming independent in or near their local community.
- 10.17 That together there is an approach that manages reliance on Education, Health and Care Plans (EHCP) for children with lower levels of SEND, reduces demand and ensure placements of children are delivered through the continuum of state-funded education provision at efficient values. The increase in the number of EHCP plans following the change of regulations has also had a financial impact on the Council's revenue budget providing home to school transport, with cost rising annually.
- 10.18 The increase in EHCPs has a direct correlation on the increase in students eligible for travel assistance.

Table 17 – Analysis of SEN Travel

Academic year	Number of students on Traditional transport	Number of students on a PTB	Number of students travel trained
2015/2016	1121 not including post 16	79	41
2016/2017	1127 not including post 16	84	56
2017/2018	1156 not including post 16	88	63
2018/2019	1203 not including post 16	96	24
2019/2020	1258 (+ 100 post 16)	105 to date	12 to date

- 10.19 A number of Innovative strategies continue to be implemented to try and deal with the unprecedented demand for SEN travel assistance which include
- Investment in our in-house travel training service, gaining an excellent reputation from other boroughs.
 - Route sharing with neighbouring boroughs
 - Amendment of the Croydon's post-16 travel policy in 2019 following a detailed consultation process which allows for the default position of a personal transport budget for 16-18 year old eligible students who are not suitable for independent travel training.
 - The Promotion of Personal transport budgets
 - Review of high cost, complex cases
 - Joint strategic working with SEN, Schools and parents (placement decisions)
- 10.20 The 2020/21 budget has allocated a further £2m to fund transport costs.

Central Services Schools

- 10.21 In 2018/19, the NFF created a fourth block within the DSG called the Central Services Schools Block (CSSB). This block is made up of two parts – Reported spend on Ongoing Functions and Reported spend on Historic Commitments.

10.22 Ongoing Functions

The Reported spend on Ongoing Functions includes services such as School Improvement and Education Welfare, totals £2.831 million.

The 2020/21 allocation for ongoing functions has reduced by £0.073 million based on a reduction in the CSSB unit of funding decreasing by 2.5% year on year from £56.91 per pupil in 2019/20.

10.23 Historic Commitments

The Reported spend on Historic Commitments consists of the prudential borrowing costs for SEND provision and historic teacher pension costs, totalling £2.570 million, a 20% reduction from 2019/20 equating to £0.643 million. This 20% reduction is in line with the ESFA's previously stated policy of reducing the funding that LAs receive for historic commitments made prior to 2013/14.

- 10.24 Following representations made to the ESFA on the impact of this significant reduction – particularly on the prudential borrowing costs of a capital programme with a pay-back period of 10 years (up to 2025/26) - the ESFA have restored the allocation as it relates to the prudential borrowing costs and it is anticipated that the allocation as it relates to historic teacher pension costs will also be restored. The ESFA have not yet determined how they will continue to unwind this in future years and commit to ensuring information about future years will be provided with as much notice as possible.

10.25 The 2020/21 budget for the Schools, Early Years, High Needs and Central School Services Blocks was agreed by Schools Forum on the 20th January 2020. The Schools Block funding formula was submitted to the DfE on the 21st January 2020 using the budget principles agreed by Schools Forum over the autumn period. Once agreed by the DfE the detailed school budgets will be finalised and these will be issued to schools in March 2020.

DSG Deficit Recovery Plan

10.26 As a condition of the 2019/20 DSG, LAs with an overall DSG deficit of one per cent or more at the end of the previous financial year were required to submit recovery plans for the deficits by 30th June 2019.

10.27 Croydon submitted a plan to recover the 2018/19 in-year High Needs Block deficit of £5.612 million over a five year period to the DfE, as agreed with the School Forum and Chief Finance Officer and endorsed by this Sub Committee in July 2019.

10.28 The five-year recovery period is in line with the five year SEND strategy with key areas to be targeted. The intention is to improve our SEND provision while reducing the expenditure in order to ensure that we can fulfil our statutory duty to be meet the needs of all pupils with special education needs.

10.29 The DfE letter of response informed Croydon that as the High Needs Block allocation for 2020/21 would be increased and that subsequent year's allocations for 2021/22 and 2022/23 were under review, the Council would need to review and revise the previously submitted recovery plan.

10.30 A detailed breakdown of the revised recovery plan, including High Needs Block budget setting for 2020/21 will be submitted to the High Needs Working Group in January 2020 in preparation for Schools Forum in the same month. It is anticipated that the Council will receive clarification about future High Needs Block funding allocations early in the spring of 2020, which will inform strategic deployment of resources with greater certainty.

11.0 Capital Budget – 2020/2023

11.1 The council's capital programme is essential to allow us to maintain our assets and deliver new infrastructure schemes within the Borough. The key areas of capital spend include:-

- Housing
- Asset Investment
- Highways
- Education
- Libraries and leisure programme and
- Environmental schemes

11.2 The budget for 2020/21 assumes new borrowing to fund projects that require debt. The assumption overall is that in 2020/21 there will be borrowing of circa £270m, this includes investment in housing of over

£45m and an additional amount of **£2.1m** has been added to the revenue budget to fund the associated interest payments.

11.3 Our Capital Programme remains a key part of the overall budget setting process. The draft programme for 2020/23 is being finalised and will be presented as part of the Budget report to cabinet and full Council in February and March 2020. Borrowing is undertaken for specific schemes and is prioritised where it can have a net positive impact on the revenue budget and there is a clear repayment plan for the capital. Borrowing can be clearly split into four elements:

- **Borrowing – Revolving Investment Fund** – normally for housing and on lent at a commercial rate where debt is repaid on completion of the project.
- **Borrowing – Growth zone** – debt is repaid from future business rates growth.
- **Borrowing – Asset Investment strategy** – Borrowing decisions made in line with the agreed strategy and where the asset generates a positive net return. Debt would be repaid in future from asset value.
- **Borrowing – General** – Any other priority capital schemes that cannot be funded from external sources. Allowance needs to be made in the revenue budget for repayment of capital and payment of interest.

Table 18 – Capital Programme

Description	Budget 2020/21	Budget 2021/22	Budget 2022/23	Total 2020/21 to 2022/23
	£000's	£000's	£000's	£000's
Angel Lodge conversion to MHO	100	0	0	100
Disabled Facilities Grant	2,400	2,400	2,400	7,200
Provider Services - Extra Care	500	-	0	500
Health, Wellbeing and Adults	3,000	2,400	2,400	7,800
Education - Fixed Term Expansions	59	90	0	149
Education - Fire Safety Works	1,000	0	0	1,000
Education - Major Maintenance	2,882	2,000	2,000	6,882
Education - Miscellaneous	1,444	228	0	1,672
Education - Permanent Expansion	1,091	959	0	2,050
Education - Secondary Estate	0	0	0	0
Education - SEN	18,807	8,568	0	27,375
Children, Families and Education Sub Total	25,283	11,845	2,000	39,128
Affordable Homes programme	40,000	0	0	40,000
RIF - Brick by Brick Borrowing	75,510	107,700	0	183,210
Community Ward Budgets	576	576	576	1,728
Devolution initiatives	912	912	912	2,736

Electric Vehicle Charging Points - Council Element	2,400	2,400	0	4,800
Empty Homes Grants	500	500	500	1,500
Feasibility Fund	330	330	330	990
Fiveways junction	0	3,000	2,000	5,000
Growth Zone	15,000	36,000	32,000	83,000
Grounds Maintenance Insourced Equipment	1,500	0	0	1,500
Highways - Maintenance Programme	6,000	6,000	6,000	18,000
Highways - Maintenance Programme	567	567	567	1,701
Highways - flood water management	565	535	505	1,605
Highways - bridges and highways structures	575	9,950	800	11,325
Highways - Tree works	299	179	179	657
Libraries Investment	650	1,500	0	2,150
Neighbourhood Support Safety Measures	50	0	0	50
New Addington wellbeing centre	3,000	12,000	0	15,000
Sustainability Programme	2,500	2,500	2,500	7,500
Parking	2,825	475	475	3,775
Safety - Digital Upgrade of CCTV	250	0	0	250
SEN Transport	1,460	0	0	1,460
TFL - LIP	2,462	2,000	2,000	6,462
Walking and cycling strategy	750	0	0	750
Waste and Recycling - Don't Mess with Croydon	768	0	0	768
Place sub-total	159,449	187,124	49,344	395,917
Asset Acquisition Fund	100,000	0	0	100,000
Corporate Property	2,000	2,000	2,000	6,000
ICT Refresh & Transformation	6,200	4,800	4,800	15,800
People ICT Programme	2,014	1,521	0	3,535
Uniform ICT upgrade	3,600	0	0	3,600
Resources sub-total	113,814	8,321	6,800	128,935
General Fund	301,546	209,690	60,544	571,780
Major Repairs and Improvements Programme	26,771	26,771	26,771	80,313
Special Transfer Payments	180	180	180	540
BxB Properties Acquired	8,750	13,000	0	21,750
HRA Total	35,701	39,951	26,951	102,603
Capital Programme Total	337,247	249,641	87,495	674,383

Table 19 DRAFT Capital Programme Resourcing 2020/21 to 2022/23

Funding	Budget 2020/21	Budget 2021/22	Budget 2022/23	Total 2020/21 to 2022/23
	£000's	£000's	£000's	£000's
ESFA	9,000	5,365	-	14,365
School Condition Funding	2,000	2,000	2,000	6,000
Disabled Facilities Grant	2,400	2,400	2,400	7,200
TFL LIP and other funding	2,462	2,000	2,000	6,462
NHS	5,000	-	-	5,000
CIL	6,800	6,800	6,800	20,400
CIL local meaningful proportion	576	576	576	1,728
ECVP external funder	600	600		1,200
Borrowing	42,198	46,249	14,768	103,215
Borrowing - (RIF) - BXB and Affordable Homes	115,510	107,700	-	223,210
Borrowing - Asset Acquisition Fund	100,000	-	-	100,000
Borrowing - Growth Zone	15,000	36,000	32,000	83,000
GENERAL FUND	301,546	209,690	60,544	571,780
Major Repairs Allowance	12,506	21,209	21,209	54,924
HRA - Revenue Contribution	11,150	1,742	1,742	14,634
HRA - Use Of Reserves	3,295	4,000	4,000	11,295
GLA Funding of BxB Properties	3,500	5,200	0	8,700
Borrowing BxB Properties	5,250	7,800	0	13,050
HRA FUNDING	35,701	39,951	26,951	102,603
TOTAL FUNDING	337,247	249,641	87,495	674,383

UNDER/OVER FUNDING OF PROGRAMME				
	-	-	-	-

- 11.4 The capital programme detailed in tables 18 and 19 above do not include expected slippage from the 2019/20 capital programme. Estimated slippage is detailed in the quarter 3 financial monitoring report at agenda item 3B. It is currently estimated that there will be scheme slippage of approx. £159m but this is subject to any changes arising between now and the year end. The final slippage will be reported to this Cabinet as part of the annual July Financial Review report once the financial year has closed. Schemes which are funded using a combination of external grants and borrowing will only be undertaken once the external funding is secure; amounts of council borrowing shown are indicative.
- 11.5 There are a number of key projects supported in the 2020/21 programme, including:

- 11.5.1 Affordable Housing Scheme. Following the completion of the ETA 1 and ETA 2 property acquisition schemes, where the Council embarked on a street property acquisition programme, the authority is developing its business case for Phase 3. The ambition is for a new round of property acquisitions, with the option of them being funded and held within the HRA unlike the previous acquisitions which were transferred to the Croydon Affordable Homes. This is because central government has now lifted the borrowing cap on the HRA, which enables investment via the HRA directly into Council housing subject to financial viability. The Affordable Housing acquisition scheme will enable the Council to respond quickly to the ongoing need for additional housing stock which manifests in significant pressures within temporary accommodation budgets. The priorities for the Housing and Homelessness Strategy were set out to Cabinet in October 2019. Cabinet authorised the commencement of a process of statutory consultation and engagement with key external stakeholders to develop the strategy. As part of this work, the Council will develop a programme of investment into new homes for a range of different housing needs. The Affordable Housing Scheme will form part of this strategy. We expect the business case for phase 3 of the Affordable Housing Scheme to be submitted to Cabinet in March 2020.
- 11.5.2 Continued investment in the school estate from 2020/21 to 2022/23 of £27.4m. This includes £15.67m for the New Addington Valley SEN School on the Timebridge site which the Education and Skills Funding Agency (ESFA) commissioned Croydon to lead on. The school will offer 150 places to children aged 2-19 years, with autism and learning difficulties, with the aim of providing a local pathway from the early years to adulthood. The proposed date for the opening of the school September 2021. The project will be fully funded by the ESFA under its “Invest to Save” programme.
- 11.5.3 Continued investment in Croydon’s libraries, with 2020/21 being the second of a three year programme. The Council has an ambitious programme of work over the next 4-10 years that will transform Croydon’s libraries into a modern library service to meet the ambitions for the service and contribute to Croydon Council’s outcomes, priorities and locality based delivery.
- 11.5.4 Continued investment in Public Realm and Highways Infrastructure. This scheme will enable investment in the public realm and highways to ensure that the infrastructure is fit-for-purpose and achieves our vision making use of the opportunities presented by the Croydon Growth Zone. The Council will need to increase its borrowing to maintain the highways network following reduction in TFL funding. Additional borrowing has been included to support the work needed to maintain bridges and other key structures and to meet our legal obligations under the Flood Water Management Act.
- 11.5.5 Continued investment in the Council’s ICT infrastructure to provide a fit for purpose service to staff and residents remains a priority. Approved in our programme last year, the continuation of:
- £10.4m from 2019/20 over 3 years for the full implementation and improvements of the ICT software to

support and drive efficiencies in the Housing, Adults and Children's services.

- £4.2m from 2019/20 over 3 years for the procurement of Uniform System, a key line of business system used across the Planning and Strategic Transportation, Building Control Highways, Environmental Health and Licencing services.

11.5.6 Asset Acquisition Fund. Table 18 indicates that the Fund is to increase in 2020/21, and there is a recommendation for Council to this effect. More broadly, as part of the 2018/22 Medium Term Financial Strategy, Council approved the creation of the Asset Acquisition Fund in September 2018. This Asset Investment Strategy detailed how decisions about acquisitions would be made. Specifically, the Strategy included set criteria for assessing the investment opportunities, with one of the criteria being location. The investment criteria will be reviewed to ensure that they remain in line with the Council's key objectives. This review is being delegated to the Cabinet Member for Finance and Resources and the Executive Director for Place. Any changes will be recommended to Council and Cabinet as part of the July review.

11.6 The HRA capital programme set out in Table 18 shows the planned capital expenditure in 2020/21 is £35.7m and total is £102.6m over the 3 years to maintain homes to a decent homes standard and purchase new BxB homes using GLA grant under its Building Council Homes for Londoners programme to fund part of the cost:

11.6.1 Work is continuing to ensure fire safety within residential blocks owned or leased by the Council is compliant and meets current standards in order to provide safe homes for our residents. A £5m reserve will be set aside from existing reserves, with no additional borrowing required for this amount.

11.6.2 The capital programme includes £26.7m planned for ongoing and essential works identified, these include replacement/upgrade of flat front entrance doors, installation/ upgrade of emergency lighting and fire alarm systems where required and blocks with spandrel panels which may need to be replaced.

11.7 No new capital schemes will be added to the programme without a business case being approved and a report being submitted to cabinet and then the funds will be released.

Revolving Investment Funding (RIF) for Housing and other development

11.8 Cabinet previously agreed to set up a RIF to support the delivery of our Growth Promise. The RIF is acting as funder both to the development company Brick by Brick and the Housing LLP's set up in conjunction with the charity Croydon Affordable Housing. The figures shown in the table above are shown on a net basis. The Council may lend to Croydon Affordable Homes if the company cannot secure debt from other sources. Brick by Brick will increasingly recover its costs through sales receipts and enable borrowing to be repaid, or re-invested into further schemes.

- 11.9 The RIF lends at commercial rates whilst borrowing at the lower rates which are available to the council. The net returns estimated over the next 3 years are £2m per annum and are included in the revenue budget.

Growth Zone

- 11.10 The Croydon Growth Zone is a Tax Incremental Financing (TIF) model which harnesses business rates uplift to enable borrowing to fund infrastructure. The Croydon Growth Zone programme consists of a range of transport, public realm social infrastructure and technology projects as reported to Cabinet in December 2017. They are deemed essential to mitigate the impact and maximise the opportunities of the growth planned (as detailed in the Croydon Local Plan 2018, Croydon Opportunity Area Planning Framework 2013 and the London Plan) in Croydon for the benefit of existing and future residents, businesses and visitors.
- 11.11 As reported to Cabinet in February 2020 in more detail, and subject to approval, the Growth Zone programme has been re profiled, with the total funding required for 2019/20 to 2022/23 moving from £167.8m to £88m. Table 20 below sets out the reprofiled programme.

Table 20 – Growth Zone Projects

Project	2019/20 (£'000s)	2020/21 (£'000s)	2021/22 (£'000s)	2022/23 (£'000s)
Transport	1,736	4,775	9,730	16,800
Public Realm	461	4,297	13,580	6,059
Construction				
Logistics	240	687	345	205
Parking	300	825	0	0
Culture	1,000	1,000	750	750
Smart Cities	314	1,596	811	0
Social Infrastructure	450	1,200	9,950	6,800
Croydon Works	400	400	0	0
Energy	100	220	834	1,386
TOTAL	5,000	15,000	36,000	32,000

Section 106 and Community Infrastructure Levy (CIL)

- 11.12 The Council, as Local Planning Authority, when required secures Section 106 Agreements as a requirement of the grant of planning permission to secure the mitigation measures necessary to make a development acceptable in planning terms. This includes securing financial contributions towards infrastructure types and projects.
- 11.13 The Council's Section 106 balance as at December 2019 was £10.3m. This balance is sub-divided into the heads of terms for infrastructure types and projects as set out in the parent Section 106 agreements. This understanding is important as Section 106 income can only be assigned in accordance with the parent Section 106 agreement in terms of infrastructure type, project and / or the location defined in the agreement.

- 11.14 Set out below in table 21 is the Council's detailed Section 106 balance sheet.

Table 21 – S106 breakdown of funds

Section 106	Balance £'000
Housing	4,823
Transport	3,496
Education and employment	298
Open Spaces and Public Realm	615
Other	1,112
TOTAL	10,343

- 11.15 In terms of future Section 106 assignment, our affordable housing income will be assigned to align with the Council's emerging housing funding strategy. The Council is actively working on how the remainder of the Section 106 moneys can be used to benefit the people of Croydon.
- 11.16 The Council introduced the borough's CIL in April 2013. The Council has been collecting the borough's CIL since this date. As a consequence of requiring the grant of planning permission and commencement of development post April 2013 for the CIL to be liable for payment, the income received since the introduction has gradually increased.
- 11.17 The current balance for 2019/20, before planned expenditure of £7.2m as at 31/12/19 was £18.1m, including the 5% administration fee and 15% Local Meaningful Proportion for 2019/20.
- 11.18 Regulation 123 of the Community Infrastructure Levy Regulations 2010 (as amended) restricts the use of CIL to ensure no duplication between CIL and planning obligations (Section 106).
- 11.19 The Council's Regulation 123 list indicates the infrastructure projects or types that will, or may be, wholly or partly funded by CIL. This broadly covers all infrastructure projects and types, except for sustainable transport and highway that are secured through Section 106 and / or Section 278 highway agreements.
- 11.20 In addition to allocations in 2019/20, and based on current CIL balances and forecast CIL receipts, it has been assumed that £7.3m of CIL money will be available to fund the capital programme. The specific projects to enjoy borough CIL funding will be defined through consultation with lead Cabinet Members. The specific project assignment will occur post the approval of this report. We will be reviewing the CIL scheme over the next few months, and then consulting on any potential amendments to the current scheme.
- 11.21 The Community Infrastructure Levy (Amendment) Regulations 2013 allow for up to 15% to be spent on the provision, improvement, replacement, operation or maintenance of infrastructure; or anything else that is concerned with addressing the demands that development places on Croydon. This is commonly referred to as the Locally Meaningful Proportion.

11.22 The CIL Local Meaningful Proportion as at 31/12/19 was £3.580m. The capital programme has assigned the Local Meaningful Proportion to fund the Community Ward Budgets.

Housing Programme

11.23 The Council is committed to delivering affordable housing in the borough through a range of measures:

In order to accelerate the delivery of new homes for Croydon residents, the Council established Brick by Brick, an independent development company. Brick by Brick receives borrowing and equity investment from the Council. It is expected to deliver a total of 522 affordable rent units in the current programme by 2020/21, with a further 800 units in the pipeline programme.

- The Council entered in to three separate limited liability partnerships (LLPs) with Croydon Affordable Homes, a local charity to develop units across the borough and street purchased properties as affordable rented homes. In order to fund their acquisition activities, the Council gifted retained right to buy receipts to the LLPs, with the Council acting as lender for the balance of the funds needed. The Council has completed phase 1 and 2 of its street property acquisition programme for the provision of affordable rent. This has enabled acquisitions of 346 street properties for the provision of affordable rent in the borough without public subsidy.
- The Council has been awarded GLA grant funding under the Mayor of London's £1 billion Building Council Homes for Londoner's programme for social housing. The grant funding has been used to part fund the purchase of new build Brick by Brick properties, transferring them into the HRA.

Repair and Improvement of council stock

11.24 A key aim for the council has been the government target of bringing 100% of social homes up to the decent home standard. Croydon has invested in its HRA properties to ensure that it meets, and continue to achieve the decent homes standard. The Council has achieved a constant 99-100% of homes maintained at the decent home standard over the last seven years. Homes which are currently decent will fall below the standard, for example as facilities age and with wear and tear, the Council will need to continue to invest in the stock to keep homes up to standard over time. Indeed, the social housing regulator has proposed a revised home standard which will reflect the government's direction that social landlords should comply with the decent home standard with ongoing effect. The council continues to invest in maintenance and improvement works in order to maximise the life of the assets

11.25 The HRA budget for proposed major repairs and improvement programme for 2020/21 will remain at circa £27m, although available budget unspent at the end of 2019/20 will be carried forward, taking the estimated total spend to £30m. It should be noted that there is also a separate programme of responsive and cyclical repairs which are resourced through revenue funding totalling £12m. In order to enable the Council to respond quickly

to any additional or changing fire safety regulations, a £5m reserve has been ringfenced in the HRA account.

Capital Allowance (HRA)

- 11.26 Local authorities are required to establish a 'Capital Allowance' within the HRA. This is a notional amount set by the Council. The main considerations in setting the allowance are to ensure that it will exceed the anticipated receipts during the year and that total investment in affordable housing needed within the borough exceeds the allowance. This is in order to justify 100% use of the receipts.
- 11.27 The Capital Allowance for 2019/20 was set at £10m. It is recommended that the Capital Allowance for 2020/21 is set again at £10m. This will enable the Council to keep 100% of the receipts of any HRA disposals of land or property during the year for housing investment purposes. The Capital Allowance will continue to be reviewed annually as part of the process for approval of the Council's Housing Investment Programme and will include a report back on the previous year's activity.

12.0 Housing Revenue Account (HRA)

- 12.1 The Housing Revenue Account (HRA) is a ring-fenced account used to manage income and costs associated with managing the Council's owned housing stock and related assets which includes shops and garages on council housing estates. It is funded primarily from tenants' rents and service charges. The services provided to tenants and leaseholders which includes responsive repairs, management and supervision services and caretaking as examples are resourced from this account.
- 12.2 Croydon's HRA consists of approximately 13,700 homes. In addition to the HRA, there are approximately 800 homes that are managed on behalf of the General Fund, Private Landlords and Croydon Affordable Homes. These properties similarly require repair, maintenance and investment to maintain good quality accommodation, and offer temporary accommodation to families most in need.
- 12.3 Longer term planning for the HRA is continuing to take place through the 40-year business plan which is updated annually to reflect changes in legislation and assumptions which underpin the financial projections. This includes the impact of increasing rents by CPI+1%, which will enable the HRA to be more financial sustainable. The lifting of the HRA borrowing cap will also enable the Council to consider developments funded directly by the HRA.
- 12.4 The budget for 2020/21 shows a balanced position as required by statute and will be reported with the proposed rent and other charges to the Tenants and Leaseholders Panel on the 11th February 2020. A draft budget for the HRA for 2020/21 can be found in the Budget Book in Appendix B.

- 12.5 All investment in new-build is currently being undertaken outside of the HRA by either the Council's Development Company, Brick by Brick, or other partners.
- 12.6 Croydon Affordable Homes (the charity set up by the Council in partnership to deliver affordable rented properties across the borough) will be renting out local homes at a maximum of 65% of the market rent to borough residents and remaining units will be available through shared ownership.
- 12.7 Prior to the announcement, the introduction of self-financing for the Housing Revenue Account (HRA) in April 2012 was accompanied by a limit on the amount of housing debt that each authority could hold. Croydon's current HRA debt is £324m with a headroom of £11m. The limitations this generated for the HRA business plan resulted in many authorities (including Croydon) seeking to borrow to support affordable housing outside the HRA.
- 12.8 The Council is using its wholly owned development company, Brick by Brick (BxB), to bring forward housing led developments and Housing LLP, Croydon Affordable Homes (CAH) to increase the provision of social and affordable housing in the borough for the benefit of residents. Funding for these schemes is secure through the source that provides value and where appropriate the Council provides the required funding from its Public Works Loan Board (PWLB) borrowing, with repayments including interest.

Housing demand

- 12.9 It is considered that for at least the next 10 years that the housing market in London and the South east will be characterised by rising demand and increased barriers to entry caused by rising house prices, rising rents and population growth. Beyond 10 years it is difficult to predict with any certainty what housing policy will be in place or what structural housing market changes may have occurred.
- 12.10 The mix of new housing supply continues to be influenced by numbers of applicants on the Council's housing register locally and the forecasts of future housing need.
- 12.11 The budget position of the HRA is subject to continued uncertainty in light of further policy proposals that have been issued by the government. The Council is awaiting the final outcome of the legislative process followed by detailed guidance still to be issued by government.
- 12.12 The 'A new deal for social housing' Green Paper consultation outcome is awaited. Recent changes and proposals impacting HRA are set out below.
- The government has confirmed that from 2020/21 rent increases will apply at CPI+1% (Consumer Price Index) on social housing rented properties which is equal to 2.7%
 - The government has proposed making Right to Buy (RTB) receipts to be available for 50% of social rented new build costs rather than 30%. We are waiting for the government's final decision on this.

- The government has proposed extending use of existing RTB receipts to 5 years with new receipts being available for 3 years. We are waiting for the government's final decision on this.

12.13 However, assumptions about these policy changes and the current legislation, % increase in rental income, have been incorporated into the 40 year business plan and annual budget setting. These are explained below:

Right to Buy

12.14 Croydon Council entered into a retention agreement with the government in April 2012. Under the terms of the agreement, the government requires that local authorities can only retain the receipts from right to buy (RTB) sales if they spend it within three years of retention to create new stock by match funding the purchase of this new supply on a 70:30 basis.

12.15 The implication of this is that the RTB receipts can only fund 30% of new property development or acquisition costs with the remaining balance of 70% funded through the council's HRA or other resources. Interest is repayable to the government on retained receipts not used within 3 years.

12.16 The Council's Housing LLP has used retained RTB receipts which the HRA had been unable to use due to the limited resources in the HRA before the government announced the lifting of the borrowing cap, with the Council acting as lender for the balance of the funds for the purchase of the leases and development of the sites. As explained above, if the Council did not use the retained RTB receipts in this manner, it would need to repay the unused receipts to central government with interest.

12.17 The current 2020/21 HRA budget and business plan assumes there will be 80 right to buy sales in the year. As well as the loss of an asset to the HRA, this impacts on the level of rents collected year on year and therefore the availability of funds to match the 70:30 requirement.

12.18 The table below shows the RTB sales since 2012 compared to the assumptions in the Self-Financing (SF) settlement.

Table 22 – RTB sales since 2012

	Actual Sales (Forecast from 2019/20)	Assumed Sales (in SF Settlement)
2012/13	36	14
2013/14	51	17
2014/15	135	19
2015/16	143	20
2016/17	148	20
2017/18	90	20
2018/19	83	20
2019/20	80	20
2020/21	80	20
2021/22	80	20
Total	926	190

Rent Setting and Changes

- 12.19 The Welfare Reform and Work Act 2016 requires all registered providers of social housing in England to reduce rents by 1% a year for four years from 2015/16 levels to 2019/20. This reduction commenced in 2016/17, making 2019/20 final year. Rents for new tenants must also reflect the 1% per annum reduction. Central government has announced that rents can increase from 2020/21, by CPI + 1% which is equal to 2.7%.
- 12.20 Where tenants are eligible for receipt of Housing Benefit, the level of benefit will reflect the lower rent. However, a small number of tenants may be subject to the overall benefit cap. The introduction of Universal Credit in Croydon has begun to have an impact on rent collection rates. Rates are likely to continue to drop as tenants move from receiving housing benefit to universal credit when they experience a change in circumstances, impacting on the levels of bad debt that the Council must provide for.
- 12.21 The cumulative reduction in rents has resulted in the HRA has needing to make corresponding savings in expenditure and reduction in its annual spending by a total of £13.0m over the four-year period in order to maintain a balanced budget position.
- 12.22 Social rents in Croydon are currently approximately 32%-35% of the private sector equivalent, as shown in the Table below. New build council properties are let at an affordable rent which is based on the GLA guidance for London at 65% of the comparable private sector market rent.

Table 23 – Comparison of rents in Croydon

Property Type	Average weekly Council rent 2019/20	Average weekly Council rent 2020/21	Current average private sector weekly rent	Council rent as % of private sector
1 bed	£84	£86	£252	34%
2 bed	£102	£105	£321	33%
3 bed	£124	£127	£399	32%

Service Charges

12.23 It is proposed that service charges increase by 2% as they have not increased since 2017/18. This will ensure that the level of service charge reflects the costs incurred. A full review of the costs will take place in summer 2020.

12.24 The charges for 2020/21 will therefore be:

Table 24 – 2020/21 Tenant Service Charges

	2019/20	2020/21	Change
Tenant Service Charges			
Caretaking	£10.18pw	£10.20pw	£0.20pw
Grounds Maintenance	£2.09pw	£2.14pw	£0.05pw

Heating charges

12.25 Only a small number of tenants use communal heating systems and are charged a fixed weekly amount for the gas they use. Apart from the Handcroft Road Estate, all other schemes are retirement housing schemes for older people. Heating charges will be adjusted to ensure that they align to actual costs incurred. This will result in some increases and some decreases for tenants of no more than 5%.

Garages and parking spaces

12.26 Rents for garages and parking spaces were not increased in 2019/20 and it is proposed that no increase will be applied for 2020/21. As a number of garages have been disposed of in recent years the rental income budget is reduced by £135k, reducing overall garage rental income. It is proposed that no increase will be applied for 2020/21.

Table 25 – 2020/21 Parking and Garage Charges

	2019/20	2020/21	Change
Parking Spaces			
Tenants	£7.00pw	£7.00pw	£0.00pw
Non-Tenants	£9.62pw	£9.62pw	£0.00pw
Garages			
Avg. Rent*	£13.13pw	£13.13pw	£0.00pw

Voids and Bad Debts

- 12.27 The loss of income associated with void properties is assumed at 0.9% for 2020/21.

13.0 Treasury Management

- 13.1 The Director of Finance Investment and Risk (S151 Officer) is responsible for setting up and monitoring the Prudential Indicators in accordance with the Council's Capital Strategy. The details are set out in the Treasury Management Strategy which is recommended to Cabinet for approval as a separate item on this agenda.

14.0 Statement of the Section 151 Officer on reserves and balances and robustness of estimates for purposes of the Local Government Act 2003.

- 14.1 Section 25 of the Local Government Act 2003 requires the Chief Financial Officer (CFO) to report on the robustness of the budget estimates and adequacy of the planned reserves when the council tax decision is being made by the Council, this forms part of the statutory advice from the Section 151 officer to the Council in addition to their advice throughout the year in the preparation of the budget for 2020/21. The Chief Financial Officer and Section 151 Officer statutory responsibility resides with the Director of Finance, Investment and Risk. This is her statement which meets the Section 25 requirement of the Act.
- 14.2 All Members of the Council have been advised of the financial challenges the Council faces over the next financial year, the medium and longer term. The levels of government funding for 2020/21 have been clearly identified in this report and it must be recognised and understood that a one year funding settlement creates a level of uncertainty and therefore creates a financial planning risk.
- 14.3 Until 202/21 we have experienced substantial reductions to Local Government funding. 2020/21 has seen a slight increase to funding levels, while tis is welcome we will need to continue to undertake an ongoing in-depth review of the way we work and the way we deliver services. In taking decisions on any budget all Members must first and foremost understand the underlying funding changes which the Council faces and set these associated decisions within the context of the overall financial environment the Council faces.
- 14.4 These continue to be very challenging times for local government and therefore it is certain that further difficult choices will be required over the coming budget cycle if the Council is to maintain a continued solid financial foundation and achieve the delivery of a balanced outturn in 2020/2021 and in future years. Continuous improvements have been made in the Council's overall financial standing demonstrated through the ability to maintain general fund reserves during these challenging times and the Council's ability to manage the significant in-year risks in a corporate and planned way. The financial strategy has been written to help us navigate through these difficult times and Members will need to fully support this

strategy if the Council is to maintain a solid financial foundation. The refreshed Medium Term Financial Strategy which will be presented to Cabinet in July 2020 will provide an update for Members on the future financial challenges the Council expects to face. This will form a strong robust platform and tool to manage develop and manage future budgets. In forming my statement of the robustness of the budget estimates and adequacy of planned reserves I have reviewed this position in detail with the Chief Executive and Senior Leadership Team and have reported my conclusions and assumptions to the Cabinet on a continued on-going basis as part of the Council's overall governance and financial stewardship arrangements.

14.5 All Members must also be aware that the calculation of the budget is, in its simplest form, dependent on three key factors, which are set in the context of the reducing level of support from central government, these are:

- a) The structural growth and savings in service expenditure or income;
- b) The level of increase in local taxation (council tax); and
- c) The level of reserves and balances.

14.6 With regard to the Housing Revenue Account, it is important for Members to understand that the previous 1% per annum reduction in rents resulted in a significant reduction in income to the Housing Revenue Account and if it were to continue would make the 30 year business plan unsustainable based on the current expenditure plans. With this in mind it is important that rents are now increased in 2020/21 in line with the Governments Social Rent Policy which is legislated at CPI plus 1%. This increase will enable a balance budget to be set and the enable the business plan to be implemented in an affordable manner.

Growth, Savings and income options in service expenditure

14.7 Proposals for growth, savings and income generation in service expenditure are ultimately a matter of political judgment balancing the needs and priorities of the borough with the available resources from Government and that which can be raised locally through taxation and income. In balancing such decisions Members must have regard to the professional advice of officers in such matters as service need, statutory responsibility, changes to Government legislation, demographic factors (particularly in respect of demand-led services), unavoidable cost pressures and future levels of Government funding support. This report forms part of the advice.

Local Taxation

14.8 The level of change in council tax is similarly a matter of political judgment, again having due regard to the professional advice of officers, and in particular to the advice of the s151 officer as regards the robustness of the budget, the level of reserves and balances, prudent financial management, the current and future financial risks the Council may face over the medium to longer term such as the localisation of business rates and council tax benefit support and the future forecast of Government funding support. The recent local government settlement saw a shift in the

government's approach to Council tax. The ability to raise Council tax has been restricted to 2% without the requirement for a referendum (this was previously 3%). The ability to charge a social care precept has continued for 2020/21, with the maximum increase being restricted to 2%. It is important for Members of the Council to understand that social care expenditure is continually rising and putting increasing pressure on our financial resources so it is important to understand that any decision made now regarding increasing locally determined taxes will have an immediate and future impact on the council's financial strategy.

The Level of Reserves and Balances

- 14.9 The level of reserves and balances are principally the responsibility of the s151 officer and are key to ensure the financial sustainability of the Council. The Members of the Council are not automatically obliged to accept my advice in every particular, but must pay due regard to it and be satisfied that they have met their own public obligations if they are minded to depart from my advice.
- 14.10 In the context of the current financial climate and the financial risks which the Council faces my formal advice to all Member is that an appropriate level of General Fund Balances is between 3% and 5% for the medium term which in cash terms is between £8m and £13.8m. The current level of General Fund Balances is £10.4m. This budget makes provision to increase reserves by £5m.
- 14.11 The 2019/20 revenue budget is currently forecast to overspend by £2.371m and it is proposed to make every effort in the remaining weeks of the current financial year to reduce and contain costs where possible, and any overspend will be funded from Earmarked Reserves at the end of the year.

In determining the level of reserves and balances key factors include:

- The risks inherent in the budget;
- The level of specific reserves and associated provisions;
- The identified efficiencies to be achieved;
- The future financial risks the Council may be exposed to both quantifiable and unquantifiable; and
- The Authority's history of delivering services within the budgetary provision set.

- 14.12 Earmarked reserves are also relevant in supporting the budget and objectives of the council. The level of earmarked reserves reflects a number of policy decisions by the council and supports the revenue budget. The decision to use earmarked reserves for particular purposes can be a political decision based on priorities and also needs to reflect the financial strategy objectives of the council. Earmarked reserves have reduced over the last 3 years and are expected to be in the region of £12m at the end of 2019/20. This is a position that needs to be kept under review. The increased flexibility on the use of capital receipts allows the authority to use these to support transformation projects and therefore provides capacity that would previously have to be funded from earmarked reserves.

- 14.13 Despite budgets being calculated on most likely estimates, not the best estimates basis, the budget contains significant challenges in terms of efficiencies delivery as well as demand led pressures and income generation. The Council has set plans to deliver departmental efficiencies and additional income of £40m. Whilst the financial environment remains volatile I believe that the budget and plans in place to review and monitor spend throughout the year ahead take account of that environment and is therefore prudent for the 2020/21 financial period.
- 14.14 Clearly delivering against a budget with a significant amount of savings whilst coping with an increased population driving further pressures on services is demanding and there has been overspends in social care each year since 2010. Despite this the council has managed to maintain balances at an appropriate level. This remains challenging and this outcome is only achieved through the constant focus of the organisation's officers and the leadership of its Members.
- 14.15 HRA reserves are currently above their target of 3% and expected to remain at this higher level in the medium term in line with the financial strategy.
- 14.16 Table 26 shows the schools reserves position.

Table 26 Reserves (Schools)

Reserves	Balances as at 31/03/19 £m	Estimated Deficit 31/3/20 £m
Local Maintained School balances	3.732	1.700
	3.732	1.700

- 14.17 The above balance as at the end of the financial year is an estimate and includes St Andrews which is due to close. Work is ongoing with the schools in deficit to ensure that plans are in place to ensure the deficits are addressed by the schools. The Council does not currently set or control balance levels for Schools although it is open to local authorities to amend these with the agreement of their Schools Forum. Croydon's Schools Forum has agreed a threshold level of balances for schools, which are 4% of annual expenditure for secondary schools and 6% for primary schools. If maintained schools have balances greater than these sums and do not have plans meeting approved criteria that explain the reasons for additional balances, the additional balances may be redistributed between Croydon's maintained schools. Like local government schools are facing increasing financial pressures and monitoring schools budgets remains a key element of ensuring our schools remain financially viable.
- 14.18 The Section 151 officer has a responsibility to ensure Croydon's maintained schools have sound financial management. Where a school has set a deficit budget (one where anticipated expenditure will exceed anticipated income), or is heading towards a deficit position in year, the

Section 151 officer requires the school to submit a pro forma, setting out their action plan to show how the deficit position will be managed. The pro forma is signed by the School Governors and submitted to the Section 151 officer for agreement. We are currently working with a number of schools on their deficit position and recovery plans.

15.0 Pre Decision Scrutiny

- 15.1 The 2020/2021 budget has been presented to Scrutiny and Overview committee on two separate occasions. On the 10th September 2019 the committee had the opportunity to scrutinise the budget setting process as part of the Cabinet Member for Finance and Resources Question time.
- 15.2 The draft budget and all savings, income and growth options were also presented to Scrutiny and Overview Committee on the 10th February 2020/21. This report enabled members to be briefed on the financial context and challenges the Council faces and updated the Committee on the assumptions made in setting the 2020/2021 budget.
- 15.3 The Scrutiny and Overview Committee agreed to recommend that the Cabinet Member for Finance and Resources be invited to attend a meeting of the Committee and provide an update on the bedding in of the Council's new financial monitoring systems in September 2020.

16.0 Summary and Conclusions

- 16.1 As all Members are aware, setting a budget for 2020/21 that is robust, balanced and deliverable has been extremely challenging and has involved a number of difficult decisions for the Council. The Council faces increasingly challenging choices over the medium term period within the context of its own funding position, the national economy and the level of funding available to the public sector as a whole.
- 16.2 This budget report is based on the current financial outturn projections for 2019/20. If any of the projections change significantly, these will have to be taken in to account in year and urgent action taken to address these.
- 16.3 **Appendix D and E contains the legally required recommendations to Council for setting the budget and Council Tax for 2020/21.**

17.0 Financial Considerations

- 17.1 The report contains the financial implications of the options to deliver a balanced budget for 2020/210 and the draft capital programme for 2020/23.

18.0 LEGAL CONSIDERATIONS

Budget and Council Tax Setting

- 18.1 The Head of Litigation and Corporate Law comments on behalf of the Director of Law and Governance that the Council is under a statutory duty to set a balanced budget. Section 25 of the Local Government Act 2003 requires the Chief Finance Officer to report on the robustness of the estimates made for the purposes of calculating the Council Tax and the adequacy of reserves both of which are contained within this report. The Council is required to set the amount of the Council Tax before 11th March 2020 but it may not be set before the GLA has issued the precept.
- 18.2 The Local Government Finance Act 1992 (as amended), requires the Council as billing authority to determine whether its relevant basic amount of council tax for a financial year is excessive. If it is excessive then there is a duty under s.52ZF - s.52ZI to hold a referendum.
- 18.3 Determining whether the Council Tax is excessive must be decided in accordance with a set of principles determined by the Secretary of State and approved by a resolution of the House of Commons. The Thresholds for 2020-21 provide that local authorities with responsibility for social care, such as Croydon, must hold a referendum if council tax is to be increased by 4% or more. Council tax for general spending requires a referendum if it rises by 2% or more, alongside a maximum 2% 'social care precept'. The 'adult social care precept' is technically not a 'precept' but additional headroom within the referendum regime for selected local authorities. The expressed intention is that local authorities would then be able to raise
- 18.4 The procedure to be followed in developing the budget proposals as detailed in the report are set out in the Budget and Policy Framework Procedure Rules provided in Part 4.C of the Council's Constitution.
- 18.5 When considering the budget proposals the Cabinet and Council will be mindful of their fiduciary duty to ensure that the Council's resources are used in a prudent and proportionate manner. Members are required to have regard to their statutory duties whilst bearing in mind the requirement to act reasonably when taking in to account the interests of the Council Tax payers and Croydon's communities.
- 18.6 To deliver some of the budget proposals action may be required which should be undertaken in accordance with statutory requirements including any legal requirements for consultation and equality impact assessments. Members will be aware of the requirement to consider the Council's obligations under the Equality Act 2010 as detailed more fully in the Equalities Considerations, section 23 below.

Approved by Sandra Herbert, Head of Litigation and Corporate Law on behalf of the Director of Law and Governance & Deputy Monitoring Officer

19.0 HUMAN RESOURCES IMPACT

- 19.1 The implementation of the efficiency and cuts programme will in a number

of instances necessitate a change of structure and skill mix of staff and/or change of working practices. Where a redundancy is being 'contemplated' the unions must be informed. If subsequently a redundancy is actually 'proposed' then the employer is immediately obliged to consult with the unions and staff for a minimum statutory period before any decisions and formal notification of redundancy is issued. The organisation will take these considerations into account in planning for the implementation of any structural reform.

- 19.2 Where restructures or transfers are proposed the Council's existing policies and procedures must be observed.

Pay Policy Statement

- 19.3 The Council aims to ensure that its remuneration packages are fair, equitable and transparent and offer suitable reward for the employment of high quality staff with the necessary skills and experience to deliver high quality services.
- 19.4 Under section 112 of the Local Government Act 1972, the Council has the "power to appoint officers on such reasonable terms and conditions as the authority thinks fit". In accordance with Section 38 of the Localism Act, this Pay Policy Statement sets out the Council's policy for 2020/21 on:
- 19.4.1 The remuneration of its senior staff including chief officers
- 19.4.2 The remuneration of its lowest paid employees
- 19.4.3 The relationship between the remuneration of its senior staff, including chief officers, and the remuneration of staff who are not chief officers
- 19.5 The pay policy statement is at **Appendix H**. The Council are required to approve the pay policy on an annual basis and therefore this will be considered as part of the budget decision of the Council on the 2nd March 2020.

Approved by: Sue Moorman – Director of Human Resources

20 EQUALITIES CONSIDERATIONS

- 20.1 The Equality Act, 2010, also requires the Council to have due regard to the three aims of the Public Sector Equality Duty (the Equality Duty) in designing policies and planning / delivering services. In reality, this is particularly important when taking decisions on service changes. The three aims of the Equality Duty are to;-
- Eliminate unlawful discrimination, harassment and victimisation;
 - Advance equality of opportunity; and
 - Foster good community relations between people who share any of the defined Protected Characteristics and those who do not.
- 20.2 The Act lists nine Protected Characteristics as age, disability, race, religion or belief, sex (gender), sexual orientation, gender reassignment, marriage and civil partnership and pregnancy and maternity. However, it is highly unlikely that these "protected characteristics" will all be of

relevance in all circumstances.

- 20.3 Whilst the council must have due regard to the Equality Duty when taking decisions, there is a recognition that local authorities have a legal duty to set a balanced budget and that council resources are being reduced by central government. However, where a decision is likely to result in detrimental impact on any group with a protected characteristic it must be justified objectively. This means that the adverse impact must be explained as part of the formal decision making process and attempts to mitigate the harm need to be explored. If the harm cannot be avoided, the decision maker must balance the detrimental impact against the strength of legitimate public need to pursue the service change to deliver savings.
- 20.4 In developing its detailed budget proposals for 2020/21 the Council aims to achieve best practice in equality and inclusion. The Council recognises that it has to make difficult decisions in order to reduce its overall expenditure to meet Government cuts in grant funding and to deliver a balanced budget while at the same time ensuring that it is able to respond positively to increases in demand for essential services. In doing so it will endeavour to ensure that it best meets the specific needs of all residents, including those groups that share a “protected characteristic”.
- 20.5 Through its budget proposals, the Council will also seek to identify opportunities to improve services and the quality of life for all Croydon residents while minimising any adverse impacts of decisions, particularly in regard to groups that share protected characteristics. It will be guided by the broad principles of equality and inclusion and will carry out and publish equality impact assessments to secure delivery of that duty, including such consultation as required.
- 20.6 An equality analysis has been completed in respect of the overall Council Tax increase which will apply to all households in the borough. While this increase is relatively modest it will nonetheless impact on those on low and fixed incomes and in particular those that may have been adversely affected by changes to the benefit system and who do not qualify for Council Tax Support. This segment of the population is more likely to live in the most deprived areas in the borough where there is a greater proportion of BAME residents. This has to be balanced against the additional amount raised through the Adult Social Care charge which will contribute to meeting the expected increase in demand for these services. This will benefit Croydon’s most vulnerable adults and families. In addition the Council will continue, through the Council Tax Support scheme to provide financial relief for vulnerable households including:
- Pensioners on low incomes.
 - People that are in receipt of disability living allowance or employment support allowance.
 - People that are in receipt of income support.
 - Single parents with a child or children aged under five.
- 20.7 As part of the overall welfare support provided, customers having

difficulties with their payments are also offered wider budgeting advice and support and help in finding work is also available where applicable through the Council's Gateway service. These provisions and the support available are highlighted in the customer's Council Tax bills.

- 20.8 In respect of specific proposals as outlined in Appendix A may result in new policies or policy or service changes an equality analysis will inform the final proposal and its implementation and will be available at the time of decision.

Approved By Yvonne Okiyo, Equalities Manager

21.0 ENVIRONMENTAL IMPACT

- 21.1 There are no direct environmental considerations arising from this report.

22.0 CRIME AND DISORDER REDUCTION IMPACT

- 22.1 There are no savings which should impact upon this Corporate Priority.

23.0 REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 23.1 The council has a duty to set a balanced budget and therefore the proposals set out in the report achieve this duty.

24.0 OPTIONS CONSIDERED AND REJECTED

- 24.1 Various other options were considered in terms of council tax levels, investments and savings. These are ultimately decisions of policy and political choice.

REPORT CONTACT: Lisa Taylor, Director of Finance, Investment and Risk, Section 151 Officer

BACKGROUND DOCUMENTS: None

APPENDICES:

- A – Revenue savings, income and growth options
- B – Detailed Budget Book
- C – Summary of Revenue Estimates
- D – Budget Requirement and Council Tax
- E – Council Tax Recommendations
- F – Response to Provisional Local Government Settlement
- G – Dedicated Schools Grant
- H – Pay Policy Statement

Children, Families and Education

	Savings/Income and Growth	£ m
De-centralisation of Business Support function.	Saving	(0.360)
International Recruitment (20 SWs) - Reduce Early Help and Children's Social Care vacancy rate whilst developing an outstanding service for children and families	Saving	(0.586)
Secure agreed health contribution to support EHCPs and CSC placements	Saving	(0.500)
UASC Contribution (assuming only improvement is enhanced rate for UASC above National Transfer Scheme threshold)	Saving	(2.770)
SPOC and Assessment Team - reduction following improvement	Saving	(0.592)
Social Work with Families Team - reduction following improvement	Saving	(0.415)
Reduction in management posts to reflect more effective services following reduction in demand	Saving	(0.378)
Release of Improvement Consultants following completion of OFSTED monitoring	Saving	(0.333)
Review of Emergency Duty Team and future delivery options	Saving	(0.150)
Effective Corporate Centre	Saving	(0.295)
Supplies and Services	Saving	(0.338)
Savings in children's due to gateway intervention	Saving	(1.300)
Fees and Charges	Income	(0.010)
Total Savings		(8.027)
Children With Disabilities Demand Growth	Growth	1.000
Children's Social Care Demand and population growth	Growth	2.200
UASC	Growth	5.000
Realignment of Base Budgets	Growth	1.912
Total Growth		10.112
Other movements between depts		(0.100)
Department Total		1.985

Health, Wellbeing, Adults

	Savings/Income and Growth	£m
Reorganisation of Occupational Therapy provision	Saving	(0.370)
Managing demand in Adult Social Care	Saving	(5.660)
Age UK Croydon info/advice contract renegotiation	Saving	(0.100)
Supported Housing reorganisation	Saving	(0.180)
Decommission Community Opportunities Service	Saving	(0.180)
Historical CHS funding	Saving	(0.300)
Interventions restructure	Saving	(0.043)
Employment Service deletion	Saving	(0.219)
Gateway Link restructure	Saving	(0.191)
Effective Corporate Centre	Saving	(0.162)
Further Adult Social Care Staff Savings	Saving	(0.197)
Housing and homelessness	Saving	(0.551)

Supplies and Services	Saving	(0.100)
Realignment of Base Budgets	Saving	(1.783)
Increase in Fees and Charges	Income	(0.158)
Health Contribution	Income	(6.000)
Total Savings		(16.194)
Adult Social Care growth 25-65	Growth	2.000
Adult Social Care Population Growth	Growth	1.920
Cost of providing support to UASC population	Growth	3.000
Investment in Special Sheltered and Care homes	Growth	1.500
Additional Growth based on current run rate	Growth	10.000
Flexible Homelessness Support Grant contribution	Growth	0.325
Change in funding for Public Health Activities	Growth	1.192
Savings in Health, Wellbeing and Adults due to gateway intervention	Growth	1.300
Total Growth		21.237
Other movements between depts		(0.315)
Departmental Total		4.728

Place Department

	Savings/Inc ome and Growth	£m
Street Lighting Energy Efficiencies	Saving	(0.170)
Close neighbourhood Recycling Centres	Saving	(0.171)
Staff Savings as a result of a review of the Property & Facility function (non permanent saving)	Saving	(0.100)
A range of reductions to cleaning, reactive repairs, and staff training across Facilities & Support Services	Saving	(0.095)
Combine current Dementia Service and Older Peoples Transport services	Saving	(0.118)
Effective Corporate Centre	Saving	(0.751)
Staff Savings	Saving	(0.138)
Additional Investment Property Income	Saving	(4.000)
Supplies and Services	Saving	(0.157)
Economic Growth service	Saving	(0.067)
Increase in Pay and Display Charges by 10p per linear tariff	Income	(0.800)
Additional CEO's to increase parking enforcement	Income	(1.360)
ANPR camera upgrades and additional enforcement using cameras	Income	(1.200)
Parking Signs and Lines replacement programme to increase enforcement	Income	(0.315)
Blue badge enforcement measures	Income	(0.100)
Introduction of emissions based parking income charges	Income	(0.115)
Fees and Charges - general	Income	(0.115)

Increase fee income by 20% on selected building control fees	Income	(0.100)
Regeneration -increase recharges and external income and hold vacant posts	Saving	(0.074)
Total Savings		(9.946)
Waste population growth	Growth	1.000
Veolia contract commitments	Growth	1.500
SEN transport Growth	Growth	2.000
2019/20 cost pressures	Growth	1.000
Sustainability	Growth	0.250
Croydon Works	Growth	0.150
Realignment of Base Budgets	Growth	0.899
Total Growth		6.799
Other movements between depts		0.574
Departmental Total		(2.573)

Resources

	Savings/Inc ome and Growth	£m
Reduce provision of work mobile phones	Saving	(0.170)
Staffing restructure in Croydon Digital Services	Saving	(0.463)
4G deployment on lampposts	Saving	(0.030)
Reduce availability and volume of hardware purchases	Saving	(0.150)
Retire CRM system and replace with new digital platform	Saving	(0.035)
Reshape business improvement function in C&P	Saving	(0.185)
Reduction in contribution to self insurance fund	Saving	(0.110)
Cease software and licence costs around organisation	Saving	(0.315)
Effective Corporate Centre	Saving	(0.354)
Maintain vacancy in communities team	Saving	(0.040)
Supplies and Services	Saving	(0.405)
Capitalisation of costs in the division	Saving	(1.500)
Restructure of staffing in Legal and Governance division	Saving	(0.100)
Change in funding for Public Health Activities	Saving	(0.192)
Fees and Charges	Income	(0.033)
Realignment of charges to the Housing Revenue Account	Income	(2.000)
Total Savings		(6.082)
Create a permanent head of Finance for the Children's, Families & Education	Growth	0.100
Cost of providing support to UASC population	Growth	1.000
Croydon Digital Services Investment into the division to deliver the Digital Strategy	Growth	2.000
Governance Review Implementation	Growth	0.250
Reduction in Court Income	Growth	1.300
Realignment of Base Budgets	Growth	2.555
Total Growth		7.205
Other movements between depts		(0.159)

Departmental Total		0.964

Corporate Items

	Savings/Inc ome and Growth	£ m
Staff Layers and Spans programme	Saving	(1.665)
Review of recharges to the capital programme	Saving	(1.454)
Council Tax Base increase	Income	(5.516)
Council Tax Increase 1.99%	Income	(3.583)
Adult Social Care Precept 2%	Income	(3.601)
Core grant and Settlement changes	Income	(5.791)
Realign base budget	Income	(0.265)
Brick by Brick dividend increase	Income	(3.000)
Total Savings		(24.875)
Contribution to Reserves	Growth	5.000
Increase in cost of borrowing	Growth	2.100
Increase contingency provision	Growth	1.747
Collection Fund	Growth	4.700
London Business Rates Pool ceasing	Growth	4.774
Increase in levies	Growth	0.050
C/f Q2 pressures	Growth	1.400
Total Growth		19.771
Corporate Total		(5.104)

SUMMARY OF REVENUE ESTIMATES - FINANCIAL STRATEGY PLANNING MODEL

SERVICE DEPARTMENT	2020/21 Budget £'m
Health, Wellbeing and Adults	100.149
Children, Families and Education	132.533
Place	61.497
Resources	13.296
Corporate Items	5.611
NET EXPENDITURE	313.086
Contribution to provisions for Doubtful Debts	0.180
Interest (Net)	13.836
Deferred Charges	(1.907)
Revenue Expenditure Funded by Capital Under Statute (REFCUS)	(3.806)
Capital Asset Charges Adjustment	(21.305)
Contingency	3.747
Core Grants	(33.033)
Levies	1.474
Contribution to / (from) General Balances	5.000
Budget Gap	0.000
TOTAL ADJUSTED BUDGET REQUIREMENT	277.272
Financed by:	
Revenue Support Grant	14.127
Business Rates Top Up Grant	34.192
Business Rates Income	37.348
Collection Fund Surplus/Deficit	(1.121)
Croydon Tax Element	192.726
Greater London Authority Precept Element	44.075
TOTAL COUNCIL TAX REQUIREMENT	236.801

Note one - year budget as only a one year funding settlement

This page is intentionally left blank

COUNCIL TAX INCREASES

Band	2019/20 Croydon Council Tax £	2019/20 Croydon Adult Social Care Precept £	2019/20 Croydon Tax £	2019/20 GLA Precept Draft £	2019/20 Overall Tax £
A	864.89	65.99	930.88	213.67	1,144.55
B	1,009.03	76.98	1,086.01	249.29	1,335.30
C	1,153.18	87.98	1,241.16	284.90	1,526.06
D	1,297.33	98.98	1,396.31	320.51	1,716.82
E	1,585.63	120.98	1,706.61	391.73	2,098.34
F	1,873.92	142.97	2,016.89	462.96	2,479.85
G	2,162.22	164.97	2,327.19	534.18	2,861.37
H	2,594.66	197.96	2,792.62	641.02	3,433.64

2,594.66

2020/21 Croydon Council Tax £	2020/21 Croydon Adult Social Care Precept £	2020/21 Croydon Tax £	2020/21 GLA Precept Draft £	2020/21 Overall Tax £
883.41	84.61	968.02	221.38	1,189.40
1,030.65	98.71	1,129.36	258.28	1,387.64
1,177.88	112.81	1,290.69	295.17	1,585.87
1,325.12	126.91	1,452.03	332.07	1,784.10
1,619.59	155.11	1,774.70	405.86	2,180.56
1,914.06	183.31	2,097.37	479.66	2,577.03
2,208.53	211.52	2,420.05	553.45	2,973.50
2,650.24	253.82	2,904.06	664.14	3,568.20

Band D % Change				
Croydon Council Tax	Croydon Adult Social Care Precept	GLA Precept	Overall Increase	
1.99%	2.00%	3.60%	3.92%	
£27.79	£27.93	£11.56	£67.28	Per Annum
£0.53	£0.54	£0.22	£1.29	Per Week

2020/21 BAND	Annual increase £	Weekly Increase £
A	44.85	0.86
B	52.34	1.01
C	59.81	1.15
D	67.28	1.29
E	82.22	1.58
F	97.18	1.87
G	112.13	2.16
H	134.56	2.59

OVERALL CHANGE
3.92%

This page is intentionally left blank

RECOMMENDATIONS FOR COUNCIL TAX REQUIREMENT 2020/21

The Cabinet has considered a report in respect of the level of Council Tax for 2020/21 and the setting of the Council's Revenue and Capital Budgets for the forthcoming financial year. The Cabinet also had copies of the draft Budget Book for 2020/21.

In summary, the Cabinet recommends to the Council a 2020/21 Council Tax at Band D for Croydon purposes of £1,325.12, in addition a 2.0% increase for the Adult Social Care Levy £126.91, GLA Precept of £332.07, giving an overall Band D charge, £1,784.10, a 1.99% increase for Croydon Council, a 2.00% increase for the adult social care levy and a 3.6% increase for the GLA.

Following detailed consideration, the Cabinet recommends that the Council should:

- (1) Approve the 2020/21 Revenue Budget of £277.272m, an increase in budget requirement of 2.5%
- (2) Approve the 2020/21 Council Tax Requirement of £192.726m.

Appendix E
Cabinet 24th February 2020

Calculation of Council Tax Requirement		£'000	£'000	£'000
(A)	Expenditure and other charges (as set out in section 31A(2) (a) to (f) of the Act)			
(i)	expenditure on Croydon's services, local precepts and levies		819,699	
(ii)	allowance for contingencies		3,747	
(iii)	transfer to General Reserves		5,000	
(iv)	transfer to Earmarked Reserves		0	
(v)	transfer from the General Fund from the Collection Fund in respect of prior year deficit on the Collection Fund,		1,121	
				829,567
(B)	<i>Less</i> Income and other credit items (in Section 31A(3) (a) to (d) of the Act)			
(i)	Income from services		518,141	
(ii)	Transfer to the General Fund from the Collection Fund in respect of prior year surplus on the Collection Fund,			
(iii)	Income from Government			
	Core Grants	33,033		
	Business Rates Top Up Grant	34,192		
	Business Rates Income	37,348		
	Revenue Support Grant	14,127		
			118,700	636,841
(C)	<i>Equals</i> The Council Tax Requirement, i.e. the amount by which the expenditure and other charges exceed the income and other credits.* This is (A) above less(B) above (as per Section 31A(4) of the Act)			192,726
Calculation of basic amount of council tax				
(C)	Council Tax Requirement			192,726
(D)	<i>Divided by</i> The Council's Tax base			132,729
(E)	<i>Equals</i> The Basic amount of Council Tax (i.e., the Council Tax for a Band D property to which no relief or exemption is applicable) for services charged to Croydon's General Fund (This is (C) above divided by the tax base at (D) as per Section 31(B) of the Act)			1,452.03

* The exact figure is

£192,726,489.87

(F) The tax for different bands calculated as follows (as per Section 36(1) of the Act):

Council Tax for Croydon for 2020/21	
Band A	6/9 x £1,452.03 = £968.02
Band B	7/9 x £1,452.03 = £1,129.36
Band C	8/9 x £1,452.03 = £1,290.69
Band D	9/9 x £1,452.03 = £1,452.03
Band E	11/9 x £1,452.03 = £1,774.70
Band F	13/9 x £1,452.03 = £2,097.37
Band G	15/9 x £1,452.03 = £2,420.05
Band H	18/9 x £1,452.03 = £2,904.06

(G) to which is added the following precept (issued by the Mayor of London, in exercise of the powers conferred on him by sections 82, 83, 85, 86, 88 to 90, 92 and 93 of the Greater London Authority Act 1999 (“the 1999 Act”) and sections 40, 47 and 48 of the Local Government Finance Act 1992 (“1992 Act”))

GLA Precept For 2020/21	
Band A	221.38
Band B	258.28
Band C	295.17
Band D	332.07
Band E	405.86
Band F	479.66
Band G	553.45
Band H	664.14

(H) That, having calculated the aggregate in each case of the amounts at (F) and (G) above the Council, in accordance with section 30(2) of the local government finance act 1992, hereby set the following amounts as the amounts of council tax for the year 2020/21 for each of the categories of dwellings shown below:-

Total Council Tax For 2020/21	
Band A	1,189.40
Band B	1,387.64
Band C	1,585.87
Band D	1,784.10
Band E	2,180.56
Band F	2,577.03
Band G	2,973.50
Band H	3,568.20

This page is intentionally left blank

Consultation response pro-forma

Provisional Local Government Finance Settlement 2020-21

If you are responding to this consultation by email or in writing, please reply using this questionnaire pro-forma, which should be read alongside the consultation document.

You should save the pro-forma on your own device, from which you can complete the survey at your own pace and submit when you are ready.

There are 8 questions. You do not have to answer every question should you not wish to.

Should you wish to attach further evidence or supporting information, you may attach and send this with the pro-forma.

Please **email responses to:**

LGfsettlement@communities.gov.uk

Alternatively, **written responses should be sent to:**

Local Government Finance Settlement Team
Ministry of Housing, Communities and Local Government
2nd floor, Fry Building
2 Marsham Street
London
SW1P 4DF

Your opinions are valuable to us. Thank you for taking the time to read the consultation document and respond.

Your Details (Required details are marked with an asterisk (*))

Full Name*	LISA TAYLOR
Organisation*	London Borough of Croydon
Address*	Bernard Weatherill House – floor 7 D
Address 2	8 Mint Walk
Town/City*	Croydon
Postcode*	CR0 1EA
Country	
Email address*	lisa.taylor@croydon.gov.uk
Phone Number	0208 760 5786 x61438

Consultation response pro-forma

Are the views Expressed on this form an official response from a:

London Borough

Croydon Council welcomes the opportunity to respond to the Government's consultation on the Provisional Local Government Finance Settlement 2020/21.

Whilst we welcome the additional funding that has been confirmed as part of the provisional settlement, this has to be seen in the context of a 76% real terms reduction in our government funding.

Furthermore, we do remain concerned about the level of certainty this one year settlement provides and would welcome a settlement that focuses on the medium term next year please.

In addition, we continue to be extremely concerned about the level of funding for local government in general and the increasing pressures we are facing, notably in the areas of Adults and Children's Social care, Homelessness and Housing Need which substantially exceed the increase in our Spending Power, even if we increase council tax and precept by the maximum.

We continue to be concerned about the continued failure to fully fund Croydon for Unaccompanied Asylum Seeking Children and the additional burden this, and associated obligations, puts on this authority's budget. The shortfall of this funding now represents over 3% of our core spending power.

Question 1

Do you agree with the Government's proposed methodology for the distribution of Revenue Support Grant in 2020-21?

Yes with reservations

Additional comments

Croydon Council agrees with the proposed approach to distributing the Revenue Support Grant in 2020/21 as an interim measure. We would however welcome greater certainty on the timeline for implementing a multiyear settlement, which would enable us to have a greater focus on medium term planning. We remain concerned that the drivers in the formula, e.g. population, deprivation, other aspects of need, are woefully out of date (some data is that over a decade old) and so does not accurately reflect Croydon's needs.

Consultation response pro-forma

Question 2

Do you agree with the Government's proposal to eliminate negative RSG?

Yes

Additional comments

Whilst we are not a negative RSG authority we do feel that the funding system for local government needs to be reviewed as the current system is too complex and no longer fit for purpose.

Question 3

Do you agree with the proposed package of council tax referendum principles for 2020-21?

No

Additional comments

We do not agree with the proposed package of council tax referendum principles for 2020/21. Given the level of financial pressures local authorities are facing we are disappointed that the ability to increase locally determine Council Tax has been reduced and that local council tax can now only be increased by 2% rather than the previous 3% without a referendum. Given that council tax is the only locally determined tax we believe that the referendum limit should be removed completely and that local authorities should be allowed to increase taxes as necessary to manage local spending pressures and enable us greater flexibility to deliver much needed services. In addition, with the RPI currently sitting above 2% and costs in London (as illustrated by London Living Wage) rising substantially more than that, this is effectively a real-terms reduction in council tax.

Consultation response pro-forma

Question 4

Do you agree with the Government's proposals for the Social Care Grant in 2020-21?

Yes with reservations

Additional comments

Croydon Council welcomes the much needed additional funding for adult social care and the fact that the grant will not be ring-fenced. It does not reflect, however, even the one-year increase in need in this service area, especially as some 2019/20 grants in this area of responsibility have not been renewed.

We disagree with the method proposed for distributing funding for both children and adults being solely based on adults social care relative needs formula. If the funding is for pressures in both adults and children's social care the distribution formula should reflect the relative needs in both cohorts.

We are interested to understand the governments rational for distributing funding using this method, especially as we believe that using both adults and children's relative needs formula would result in Croydon receiving much needed additional grant.

Question 5

Do you agree with the Government's proposals for iBCF in 2020-21?

Yes

Additional comments

We agree with the proposal to continue IBCF funding but are disappointed that the level of funding remains at 2019/20 rates for 2020/21 and has not been increased.

The continuation of the Winter Pressures grant and the removal of the ring-fence is welcomed.

However, we are currently unclear on the on the reporting arrangements and would welcome greater clarity please.

Consultation response pro-forma

Question 6

Do you agree with the Government's proposal to fund the New Homes Bonus in 2020-21 with the planned £900 million from Revenue Support Grant, with additional funding being secured from departmental resources, and to allocate the funds in line with previous years but with no legacy payments?

Yes

Additional comments

Yes, we welcome the Government's proposal to fund the proposed new round of New Homes Bonus and are pleased that the government has chosen not to increase the 0.4% baseline threshold above which the bonus applies.

We are however, disappointed that any new allocations will not result in the legacy payments being made in subsequent years.

We welcome the commitment to consult widely on any future NHB reforms and urge that the government provides certainty regarding the future scheme as soon as possible.

Question 7

Do you agree with the Government's proposed approach to paying £81 million Rural Services Delivery Grant in 2020-21 to the upper quartile of local authorities, based on the super-sparsity indicator?

No

Additional comments

Croydon Council does not agree with the approach to paying the Rural Services Delivery Grant via this method. We believe that this funding could be distributed more fairly across all local authorities on the basis of need.

We are disappointed that while the government is recognising that funding for rural areas needs to be increased it has failed to consider the unique pressures urban areas such as London and Croydon in particular face.

Consultation response pro-forma

Question 8

Do you have any comments on the impact of the proposals for the 2020-21 settlement outlined in this consultation document on persons who share a protected characteristic, and on the draft equality statement published alongside this consultation document? Please provide evidence to support your comments.

No

Additional comments

DEDICATED SCHOOLS GRANT (DSG)

Table 1 – 2020/21 DSG Funding Breakdown

DSG Funding Blocks	Total £m
Schools Block (before recoupment)	262.963
High Needs Block (before recoupment)	66.804
Central Schools Services Block	5.831
Early Years Block	28.707
Total DSG Funded Services	364.306

2020/21 DSG allocation for Croydon

In 2020/21 the total DSG settlement for Croydon (including academies) is £364.306m. Academy recoupment is estimated to be in excess of £182m in 2020/21 reducing the DSG total to £182.2m. This total will be subject to change depending on the number of new schools that convert to academies during the year.

The funding per pupil as a result of the introduction of the National Funding Formula (NFF) stipulates a minimum funding rate. The NFF provides two per pupil funding rates, one for primary pupils and one for secondary pupils. In 2020/21, the respective funding rates are £4,504.90 and £5,986.57. The 2019/20 rates per pupil were £4,293.34 for primary pupils and £5,460.8 for secondary pupils.

The latest pupil numbers used to calculate the DSG funding are 51,032 for the Schools block and 9,314 (part time equivalent two to four year olds) within Early Years. These numbers are based on the October 2019 Pupil Level Annual School Census (PLASC) count, although the Early Years Census in January 2020 will be used to update Croydon’s DSG allocation with more accurate Early Years pupil numbers during 2020/21.

This page is intentionally left blank

Croydon Council

Pay Policy Statement 2020-21

1. Introduction

- 1.1. The Council aims to ensure that its remuneration packages are fair, equitable and transparent and offer suitable reward for the employment of high quality staff with the necessary skills and experience to deliver high quality services.
- 1.2. Under section 112 of the Local Government Act 1972, the Council has the “power to appoint officers on such reasonable terms and conditions as the authority thinks fit”. In accordance with Section 38 of the Localism Act, this Pay Policy Statement sets out the Council’s policy for 2019-20 on:
 - The remuneration of its senior staff including Chief Officers
 - The remuneration of its lowest paid employees
 - The relationship between the remuneration of its Chief Officers and the remuneration of staff who are not Chief Officers
- 1.3. Remuneration in this context is defined widely to include not just pay but also charges, fees, allowances, benefits in kind, increases in enhancements of pension entitlements and termination payments.
- 1.4. Following the decision of the Annual Council meeting on 03 June 2014, the Appointments Committee has delegated responsibility for approving appointments in accordance with the threshold specified in statutory guidance issued by the Secretary of State under section 40 of the Localism Act 2011. The statutory guidance is that elected Members should be given an opportunity to vote before a salary package upon appointment above a specified threshold is offered; and a severance package beyond a specified threshold is approved for staff leaving the Council’s employment. For both these purposes, the specified threshold is currently £99,999 as set by Government.
- 1.5. Once approved, all remuneration paid to officers will comply with this policy for the 2020-21 financial year. The statement will be reviewed in accordance with legislation prevailing at the time.
- 1.6. The provisions of the Localism Act do not apply to schools that are excluded from this statement.
- 1.7. In accordance with Part 3 of the Constitution – Responsibilities for Functions the Chief Executive’s Scheme of Authorisations provides delegated authority to the Director of Human Resources for pay and terms and conditions for staff other than the Chief Executive and employees covered by the Joint National Council for Chief Officers. Grading and conditions of service for these staff are approved by the Appointments Committee. Reference paragraph 4.2.8 and 4.2.9 of Part 3 of the Constitution Responsibilities for Functions – see extracts below:

“.....the Chief Executive’s delegation is subject to:

4.2.8 “the approval of the Director of Human Resources to the grading and conditions of service of staff (other than those based in schools or subject to the conditions of service of the Chief Officers and Chief Executives J.N.C

4.2.9 the approval of the Appointments Committee to grading and conditions of service of staff employed subject to the conditions of service of the Chief Officers and Chief Executives J.N.C”

1.8 Subject to circumstances it may be necessary to amend the Pay Policy statement during the financial year. Any changes or amendments made will be subject to full Council approval.

2. Pay structure

2.1. The Council uses a combination of locally and nationally determined pay structures for its workforce.

- a) The pay structures, including basic pay, for the Chief Executive and Head of Paid Service, Executive Directors, Directors and posts at Croydon Special Range (CSR) level are determined locally.
- b) The basic pay for teachers, youth workers, and young people/community service managers is in accordance with nationally negotiated pay structures.
- c) To reflect market and industry specific factors, staff in the in-house bailiff service have locally determined pay arrangements which includes an element of performance pay.
- d) For the majority of other staff, the Council uses a locally determined grading structure aligned to the relevant London pay spine of the Greater London Provincial Council.

2.2. Pay allowances other than basic pay are the subject of local or nationally negotiated rates having been determined from time to time in accordance with the collective bargaining arrangements and/or as determined by the Council.

2.3. Other than for the Chief Executive and Head of Paid Service, Executive Directors and Directors, the Council adheres to national pay bargaining and will normally apply a nationally negotiated cost of living pay award for staff covered by the relevant negotiating body.

3. Remuneration

3.1. For the purpose of this pay policy statement, Chief Officers include:

- a) Tier 1: The Chief Executive and Head of Paid Service; Executive Directors; Directors; and
- b) Tier 2: Heads of service and certain senior staff in Croydon Special Range graded posts who report to Directors

3.2. Current remuneration for tiers 1 and 2 staff are:

- a) The Chief Executive and Head of Paid Service is to be paid a spot salary of £192,474, inclusive of a 2% increase with effect from 01 April 2020. The salary, is subject to review every two years. The proposed 2% increase is below inflation and in line with the increases expected by the rest of the workforce over the same period.
- b) Executive Directors and Directors are currently paid on spot salaries as set out in Appendix A without provision for incremental progression. Salaries are subject to review every two years with the last review being 01 April 2019
- c) Heads of service and senior staff reporting to Directors are placed on a salary following evaluation of their post using the Hay job evaluation scheme (for CSR graded posts) or the Greater London Provincial Council job evaluation schemes (for posts graded 16 and 17) with provision for incremental progression to the top spinal point of the grade. Salaries are reviewed in line with national and regional pay awards

The grading structures for tiers 1 and 2 are shown in Appendix A.

- 3.3. The pay of the Chief Executive and Head of Paid Service is determined on appointment with reference to market rates. In establishing market rates, the Council will compare remuneration data from other comparable local authorities. This allows closer benchmarking where possible to take account of factors such as population size, social demographics, budgetary responsibilities, economic and regeneration activity.
- 3.4. Subject to the approval of the Appointments Committee referred to in paragraph 1.4 above, salaries of Executive Directors and Directors may be reviewed earlier than the scheduled review date when appointing to a post or to maintain parity with the salary of a related post being recruited to (see paragraph 3.8 for the remuneration for new appointments).

Additional remuneration elements

- 3.5. The Council does not apply any bonuses or performance payments to its Tier 1 or Tier 2 staff. In addition to basic pay elements of “additional pay”, other than those that constitute re-imbusement of expenses incurred during the fulfilment of duties, are set out below:
 - a) In order to recruit or retain employees in a post at its designated grade or spot point consideration will be given to the use of market supplements as approved by the Director of Human Resources and Chief Executive with such payments being subject to periodic review. Market supplements will, when added to basic pay, not normally exceed 10% of base pay and in any event for posts in tier 1 will not exceed the next pay reference point. Any market supplement for the Chief Executive will be determined by the Appointments Committee.
 - b) A compulsory car allowance may be made to authorised car users at all levels of the workforce other than to Tier 1. The compulsory car allowance applies to employees where driving a car is an integral feature of the

employee's post and the employee is unable to carry out their post without providing and using their own car. The amount of the allowance depends on the engine size and emissions of the employee's car as shown in Appendix A.

- c) Returning Officer fees: the Council is required by the Representation of the People Act 1983 to appoint an officer to act as the Electoral Registration Officer (ERO) for any constituency or part of a constituency within its area to be responsible for the preparation and maintenance of the electoral register and to act as the Returning Officer (RO) for all elections. Such duties attract a fee payable to the individual, paid for by the Government except in relation to local elections. The fees are set by central government for national elections and referenda and for local elections fees are prescribed by and agreed on an annual basis by the Chief Executives' London Committee, which reports into the London Councils network. The Council's Electoral Registration Officer and Returning Officer is the Chief Executive and Head of Paid Service, as agreed by resolution of the Council or as delegated to a committee.

In her capacity as the Council's Electoral Registration Officer and the Council's Returning Officer, the Chief Executive and Head of Paid Service may appoint deputy Electoral Registration Officers and a deputy Returning Officer. Fees for carrying out such duties are payable to appointed individuals.

- d) From time to time consideration will be given to making additional payments, as approved by the Director of Human Resources, to Chief Officers who undertake additional and/or higher level responsibilities for example when covering the duties of a vacant Chief Officer post. Such payments are subject to periodic review.

Remuneration on appointment

- 3.6. Where employees are appointed to a grade rather than a spot salary, it is the Council's policy to appoint all employees on the bottom spinal point of the grade unless there are exceptional circumstances as authorised by the relevant Director and approved by the Director of Human Resources.
- 3.7. In exceptional circumstances and subject to approval of the Director of Human Resources, where it is necessary for a newly appointed employee to relocate and move home to take up appointment a contribution towards certain relocation expenses may be made. A copy of the scheme, is attached as Appendix B.
- 3.8. New Executive Director and Director appointments will be made at the salaries stated for the respective post as set out in Appendix A. Should it be deemed necessary for a new appointment to be made on a salary higher than that set out for the post in Appendix A and the new salary exceeds the threshold referred to in paragraph 1.4 above, the new salary will be subject to the approval of the Appointments Committee.

Redundancy payments and payments on leaving

- 3.9. The Council has a single redundancy scheme which applies to all employees including Chief Officers (see Appendix C). The Council does not make any other payments to employees on termination of their employment other than those, where there is a statutory or contractual requirement to do so, such as payment for accrued and untaken annual leave.
- 3.10. Subject to paragraph 1.4 above, in exceptional circumstances other severance payments may be made subject to agreement of the Chief Executive and Head of Paid Service and the Director of Human Resources and as allowed for in the Council's scheme of delegation. Such payment will take account of the Council's contractual and legal obligations, value for money, reputation of the Council and goodwill towards the employee.
- 3.11. The Appointments Committee has decided, in accordance with delegations agreed by Full Council, that it will consider only those future severance packages where there are non-contractual and/or non-statutory elements to the proposed severance package which would mean that the severance package exceeds the specified threshold as a result of those elements. In those instances, the Committee will vote in respect of the non-contractual and/or non-statutory elements of such packages. For these purposes the specified threshold set, from time to time, by statutory guidance, is £99,999.

Re-employment of officers previously made redundant and retirement

- 3.12. Where an officer who has previously been made redundant from the Council applies for employment with the Council, their application will be treated on its own merits, the financial merits and wider interests of the Council and will have regard to any agreement under which the officer left their previous employment. Where an officer leaves the Council's employment through voluntary severance or voluntary redundancy arrangements, they will not be allowed to work for the Council in any capacity, including engagement via employment agencies or as a consultant, for a period of at least one year after leaving.
- 3.13. At the time of drafting this pay policy statement, the Government is proposing legislation that will: limit exit payments to £95,000 in the public sector; and require public sector employees earning more £80,000 to repay some or all of an exit payment if they return to public sector employment within twelve months. The Council will seek recovery of exit payments from previous employees and in so doing apply limits to exit payments in accordance with the legislation as an when it is introduced.
- 3.14. The Council permits flexible retirement, as permitted by the Local Government Pension Scheme Regulations where by an employee can receive a salary and be in receipt of a pension for doing the same job. Flexible retirement will usually only be agreed where there is no cost to the Council. Exceptions to this will be based on the best interest of the Council and will be agreed by the Executive Director of Resources in consultation with the Director of HR, except where such a decision relates to either of themselves, when the Chief Executive will be consulted. Employees retiring before their normal retirement age will, therefore, usually receive what is known as an actuarial reduction in their pension as

allowed for under the Local Government Pension Scheme Regulations, to reflect the financial impact on the pension fund by the employee's early retirement.

4. Remuneration of lowest paid employees

4.1. The definition of "lowest paid employee" is for local determination. The Council has agreed that the lowest paid employee will be those workers employed under a contract of employment on full-time equivalent hours, in accordance with the minimum grade of the Council's agreed grading structure. Workers, such as apprentices, who are engaged on fixed term training contracts, are excluded from this definition.

4.2. The Council is a London Living Wage employer and will pay the London Living Wage as its minimum rate of pay to employees, other than those engaged specifically on apprentice or similar training contracts. The Council will apply increases in the London Living Wage with effect from the 01 April following announcement of the increase. With effect from 01 April 2019 the full-time equivalent annual pay of the lowest paid employee will £20,103 which equates to an hourly rate of pay of £10.74 (higher than the current London Living Wage which is £10.20 per hour and will be effective from 1st April 2020 for the Council).

5. The relationship between the pay of Chief Officers and that of other staff

5.1. The Council does not set the pay of individuals or groups of individuals by reference to a simple multiple of the pay of another individual or group. The use of simple pay multiples cannot capture the complexities and dynamics of a highly varied workforce. The Council sets pay as outlined above by reference to the evaluated level of responsibilities of the post or at a rate determined by a national pay body.

5.2. Although there is no requirement under the Localism Act, the Council has decided to publish its pay multiples to aid transparency and future benchmarking:

- The multiple for 2020-21 between the lowest paid employee and the chief executive and head of paid service is a ratio of 1:9.6.
- The multiple between the lowest paid employee and the median chief officer is a ratio of 1:5.9
- The multiple between the median pay and the chief executive and head of paid service's pay is a ratio of 1:5.8.
- The multiple between the median pay and the average chief officers' pay is a ratio of 1:3.3

5.3. As part of its overall and ongoing monitoring of alignment with external pay, both within and outside the sector, the Council will use available benchmarking information as appropriate.

6. Non-permanent staffing resources

6.1. To maintain flexibility in delivering services the Council supplements its employee workforce with workers who are not Council employees or on the Council payroll. This non-permanent resource includes consultants, who are procured under a Contract for (Consultancy) Services, and interims who are procured through the Councils managed service provider (the London Group Recruitment Partnership)

or other approved third party providers including through the Council's neutral vendor framework.

- 6.2. In managing its non-permanent staffing resource, the Council seeks to ensure that: the Council and the wider public sector achieve value for money; tax and national insurance liabilities are managed appropriately; and contractual relationships between the Council, workers and thirds parties are properly reflected. In this regard, it is the Council's policy not to engage directly with self-employed individuals, or wholly owned one person limited companies in all but the rarest of exceptions. Where such arrangements are used, the Council seeks to limit them to a maximum duration of 24 months.
- 6.3. Where it is necessary to engage a worker at Tier 1 or Tier 2 temporarily as an interim or consultant, the remuneration paid to the individual will generally fall within the following rates. The higher rates of pay, compared to those paid to directly employed staff, are in recompense of interims and consultants not receiving all of the same conditions of employment, most notably regarding leave, pension, redundancy and notice.

Grade of post	Day rate range £ (payable to the individual)
Croydon Special Range	£400 - £525
Director	£525 - £775
Executive Director	£775 - £900
Chief Executive	£1200 - £1500

7. Publication

- 7.1. Upon approval by the full Council this statement will be published on the Council's website. In addition, the Council's Annual Statement of Accounts will include a note setting out the remuneration paid to each member of the corporate leadership team (the Chief Executive and Head of Paid Service and those reporting directly to her) including the total amount paid to each individual by way of: salary, including fees and allowances; performance related pay; expense allowances; compensation for loss of office; benefits in kind and employers pension contributions. The Annual Statement of Accounts is published on the Council's website.
- 7.2. The Annual Statement of Accounts will also report on termination payments for all employees in keeping with international financial reporting standards. This will show the number of termination payments, within specific financial bands, made to employees during the year.

End

Pay structure for Tier 1 and Tier 2**Tier 1: 01 April 2020 to 31 March 2021**

Post	Spot Salary
Chief Executive	£192,474
Executive Director of Resources (Monitoring Officer) , Executive Director of Place	£156,060
Executive Director of Children, Families & Schools, Executive Director Health, Wellbeing & Adults, Executive Director,(Localities and Residents programme - 2 year fixed term)	£137,700
Director of Finance, Investment & Risk (S151 Officer)	£130,050
Director of Growth, Employment & Regeneration, Director of Public Health, Director of Early Help & Children Social Care, Director of Procurement & Commissioning, Chief Digital Officer, Director of Law & Governance, Director of Operations	£119,646
Director of Planning & Strategic Transport, Director of Education & Youth Engagement, Director of Public Realm, Director of Homes & Social Investment ,	£109,140
Director of Human Resources, Director of Residents Gateway Services, Director of Housing Assessments & Solutions, Director of Innovation and Integration, Director of Policy & Partnerships	£98,838

Tier 2: current (2020-2021)

Grade	Scp	Salary *
Croydon	1	£63,834
Special	2	£65,931
Range A	3	£70,125
Croydon	4	£80,490
Special	5	£83,055
Range B	6	£85,614

** Plus cost of living national pay award to be decided*

Car allowances and mileage payments

	<u>451 - 999cc</u>	<u>1000 - 1199cc</u>	<u>1200 - 1450cc</u>
<u>Compulsory car users</u>		Only payable for cars within DVLA bandings A-E for CO2 emissions	
Lump sum per annum	£846	£963	£1,239
per mile first 8,500	36.9p	40.9p	50.5p
per mile after 8,500	13.7p	14.4p	16.4p

	<u>451 - 999cc</u>	<u>1000 - 1199cc</u>	<u>1200 - 1450cc</u>
<u>Other users</u>		Only payable for cars within DVLA bandings A-E for CO2 emissions	
per mile first 8,500	46.9p	52.2p	65.0p
per mile after 8,500	13.7p	14.4p	16.4p

CROYDON COUNCIL**RELOCATION SCHEME****Introduction**

These guidelines may be used to overcome a skills shortage or as a recruitment and retention tool. The Council's approach to attracting, recruiting, developing and retaining talent sometimes needs to be supported to enable the placement of someone with known abilities and expertise into a specific role.

The decision to apply this scheme should be agreed before an offer of employment has been accepted and should preferably be displayed in the job advertisement. An "in principle" offer of assistance, subject to meeting the requirements of the scheme, must be contained in the offer of employment letter. An offer of a relocation package cannot be made after employment commences.

There is no automatic entitlement to help with relocation or the amount paid. Payment is subject to approval in all cases by the relevant tier 1 manager, production of receipts and the amount of budget available within the service. No central relocation budget exists, so payments must be made from the relevant department's own budget.

Relocation assistance will not exceed £8,000, will not normally be provided to employees already employed by the Council (including those on fixed term or temporary contracts) and can be paid once only. Any subsequent moves will not attract a payment.

Eligibility

The following criteria must be met to be eligible for a relocation payment;

- The applicant lives more than 90 minutes travelling distance away from the new workplace and is relocating to a location within that limit.
- all owners or joint owners of the residence are moving, if claiming fees connected with the sale and purchase of a property
- the applicant is moving within 6 months of starting their employment with the Council
- the applicant is not benefiting from relocation assistance from another source (e.g. their partner's employer)
- the applicant is moving to work solely for Croydon

Conditions

The recipient must sign an agreement to remain in Croydon Council's employment for a minimum of three years. If they leave voluntarily or are dismissed on grounds of misconduct or capability within three years, repayment will be due, charged at 1/36 of the total amount of expenses paid per uncompleted month of service.

Two quotes must be obtained for removal and storage expenses for which the lower amount may be reimbursed. Records of payments made will be recorded on the employee's personal file and retained by the manager who signs the agreement.

The employee is responsible for:

- taking steps to sell their property (if applicable) and obtaining accommodation within reasonable travelling distance (90 minutes) within 6 months of their start date with Croydon Council.
- seeking approval for any relocation expenses prior to incurring the expense.
- signing the three year agreement
- providing a full breakdown of costs and comprehensive receipts for all expenses claimed for under the scheme. Bank statements or credit card receipts cannot be accepted.
- providing at least two quotes if claiming for removal expenses.

The manager is responsible for:

- obtaining approval of the Director of Human Resources and their Director and the correct financial authorisation (including departmental expenditure panel if relevant), before offering a relocation package
- subject to the eligibility criteria, informing the successful candidate of the relocation scheme when offering the appointment
- ensuring that finances are available to fund a relocation package
- agreeing with the employee the types of expenses they are able to cover and the maximum amount to be paid
- reviewing the situation if positive steps are not being taken by the candidate/employee to sell and/or buy a new property within 6 months of starting their employment.
- ensuring an agreement is signed by the employee and storing a copy on their personal HR file
- keeping a copy of the agreement, a full breakdown of costs, receipts and quotes.
- arranging for payment(s) to be paid into the employee's bank account before the end of the tax year following their appointment date and that taxable payments are paid via Payroll

- ensuring that records of all payments are kept on the employee's personal HR file
- arranging the recovery of expenses if the employee leaves within three years, including writing to them to confirm the outstanding amount due and informing them if it will be taken out of their final salary or pension contributions.

Tax

Relocation expenses up to £8,000 per move are currently tax free as long as they are provided by the employer before the end of the tax year following the date of appointment (including VAT on expenses), but some payments are taxable. The following expenses may or may not be included in the agreed package.

- Payment for rent where it is necessary to temporarily maintain two homes , up to a maximum of 6 months*
- Travelling costs where two homes are temporarily maintained, up to a maximum of 6 months (either standard class train fares or casual car user mileage rates)
- Legal and Estate Agents fees connected with the sale and purchase of property
- Removal and storage of household furniture and effects
- Disconnection and reconnection of utilities*
- Reinstallation of domestic appliances such as cookers and washing machines*
- Charges incurred for ending a rental agreement early *
- Deposit for rented accommodation *
- Two days paid removal leave in addition to normal leave entitlement*
- Refund of unexpired season tickets*
- Shipping costs, if moving from abroad
- Survey Fees*
- Unplanned costs such as school uniforms, carpets, curtains, *
- Redirection of mail*

*subject to tax and NI contributions

As the tax position may change, it is advisable to check with the HMRC before finalising any arrangements under this guidance.

EARLY RETIREMENT & REDUNDANCY SCHEME (incl. Efficiency of the Service)

Council approved 1981.

Amended by Corporate Services Committee on 11 October 2006; effective from 1st December 2006

Amended 010410: legislative changes

Amended 010411: Employee Based Cost Review (EBCR)

1. SCOPE AND PURPOSE OF SCHEME

- 1.1. This scheme is without prejudice to the Council's and the trade unions' general policy of opposition to redundancies. It outlines the approach the Council may use when making staffing reductions through redundancy, early retirement on the grounds of redundancy, and early retirement on the grounds of efficiency of the service.
- 1.2. The scheme covers all categories of staff except teachers and lecturers for whom a separate scheme exists.
- 1.3. The scheme sets out the normal level of payments made to employees. Certain payments in the scheme are enhanced by the Council exercising its discretion, as allowed for in legislation. The exercise of the Council's discretion is subject to a decision in each case, and the Council reserves the right to apply different payments in particular cases. The Council also reserves the right to withdraw or suspend the scheme at any time.

2. GENERAL

- 2.1. Where redundancies as defined in the Employment Rights Act 1996 are contemplated the Council may choose to seek volunteers for early retirement or redundancy from the staff. Should the number of volunteers for early retirement or redundancy exceed the required number of post reductions the Council will consult staff representatives about the method of selection.

3. EARLY RETIREMENT BY REASON OF REDUNDANCY (only for employees aged 55 and over)

- 3.1. Employees aged 55 or more who are made redundant (including those who volunteer under paragraph 2.1) will be eligible for immediate payment of pension benefits if they have 2 or more years membership in the LGPS (or have less than 2 years membership, but have had a transfer of pension rights into the LGPS from another source).
- 3.2. In addition to immediate payment of pension benefits, employees with 2 years continuous service will also be entitled to a redundancy payment. The redundancy payment will be calculated as set out in section 4.

- 3.3. The granting of any augmentation in respect of redundancy and early retirement in the interests of the efficiency of the service is at the Council's discretion to compensate officers for the loss of position and future expectations as a result of the Council's actions. It is not in respect of past service, which is covered by pension entitlement arising from contributions made into the Pension Fund.
- 3.4. The costs of the early payment of benefits are charged to departmental budgets rather than the Pension Fund.

4. REDUNDANCY

- 4.1. Employees who are made redundant will receive a redundancy payment based on length of continuous service and age as laid down in the Employment Rights Act. The details of the statutory redundancy payments vary with age and length of service and a ready reckoner is set out in Appendix 1.
- 4.2. Continuous local government service (and certain related service) will be used where this exceeds service with the London Borough of Croydon and in calculating the redundancy payment the weekly pay used for calculating redundancy payments will be as follows:
- a) In cases of compulsory redundancy, by reducing by 50% the amount by which an employee's actual weekly pay exceeds the statutory cap e.g. with the statutory cap at £400 and an employee's actual weekly pay at £500, redundancy pay would be calculated on a revised weekly pay of £450.
 - b) In cases of voluntary redundancy, by reducing by 25% the amount by which an employee's weekly pay exceeds the statutory cap e.g. with the statutory cap at £400 and an employee's actual weekly pay at £500, redundancy pay would be calculated on a revised weekly pay of £475.

5. EARLY RETIREMENT IN THE INTERESTS OF THE EFFICIENCY OF THE SERVICE

- 5.1. The Council will consider applications from staff, supported by their Directors, for early retirement on the grounds of the efficiency of the service. Each case will be decided on its merits by the Assistant Chief Executive (Corporate Resources and Section 151 Officer) in consultation with the Director of Human Resources and the relevant departmental Director. They will use their discretion based on the following criteria:
- (a) staff suffering ill-health of a nature not covered by the ill-health provisions of the Pension scheme
 - (b) a change in the organisation of an establishment or department which does not give rise to redundancy
 - (c) staff who are unable to meet the changed requirements of their post
- 5.2. Employees aged 55 or over, who retire on the grounds of efficiency of the service are eligible for immediate payment of pension benefits if they have 2 or more years membership in the LGPS (or have less than 2 years membership, but have had a transfer of pension rights into the LGPS from another source).

5.3. In these cases there is no entitlement to a redundancy payment.

6. COMPLYING WITH LEGISLATION

6.1 The Council will only apply the above policy in a manner which is compatible with the law (inc. legislation, subordinate legislation and case law) and anything in this policy which is incompatible with the law shall be disregarded or applied only to the extent that doing so would not be contrary to the law as it is understood when the policy is applied in any particular case.

End

“Ready Reckoner” For Statutory Redundancy Pay

Figures in grid show the number of weeks pay due

Continuous Service (Years)																			
Age	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
18 ¹	1																		
19	1	1½																	
20	1	1½	2																
21	1	1½	2	2½															
22	1	1½	2	2½	3														
23	1½	2	2½	3	3½	4													
24	2	2½	3	3½	4	4½	5												
25	2	3	3½	4	4½	5	5½	6											
26	2	3	4	4½	5	5½	6	6½	7										
27	2	3	4	5	5½	6	6½	7	7½	8									
28	2	3	4	5	6	6½	7	7½	8	8½	9								
29	2	3	4	5	6	7	7½	8	8½	9	9½	10							
30	2	3	4	5	6	7	8	8½	9	9½	10	10½	11						
31	2	3	4	5	6	7	8	9	9½	10	10½	11	11½	12					
32	2	3	4	5	6	7	8	9	10	10½	11	11½	12	12½	13				
33	2	3	4	5	6	7	8	9	10	11	11½	12	12½	13	13½	14			
34	2	3	4	5	6	7	8	9	10	11	12	12½	13	13½	14	14½	15		
35	2	3	4	5	6	7	8	9	10	11	12	13	13½	14	14½	15	15½	16	
36	2	3	4	5	6	7	8	9	10	11	12	13	14	14½	15	15½	16	16½	17
37	2	3	4	5	6	7	8	9	10	11	12	13	14	15	15½	16	16½	17	17½
38	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	16½	17	17½	18
39	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	17½	18	18½
40	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	18½	19
41	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	19½

¹ It is possible that an individual could start to build up continuous service before age 16, but this is likely to be rare, and therefore the table starts from age 18.

Continuous Service (Years)																			
Age	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
42	2½	3½	4½	5½	6½	7½	8½	9½	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½
43	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
44	3	4½	5½	6½	7½	8½	9½	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	21½
45	3	4½	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
46	3	4½	6	7½	8½	9½	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	21½	22½
47	3	4½	6	7½	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
48	3	4½	6	7½	9	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	21½	22½	23½
49	3	4½	6	7½	9	10½	12	13	14	15	16	17	18	19	20	21	22	23	24
50	3	4½	6	7½	9	10½	12	13½	14½	15½	16½	17½	18½	19½	20½	21½	22½	23½	24½
51	3	4½	6	7½	9	10½	12	13½	15	16	17	18	19	20	21	22	23	24	25
52	3	4½	6	7½	9	10½	12	13½	15	16½	17½	18½	19½	20½	21½	22½	23½	24½	25½
53	3	4½	6	7½	9	10½	12	13½	15	16½	18	19	20	21	22	23	24	25	26
54	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	20½	21½	22½	23½	24½	25½	26½
55	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22	23	24	25	26	27
56	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	23½	24½	25½	26½	27½
57	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25	26	27	28
58	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	26½	27½	28½
59	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28	29
60	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	29½
61*	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	30

* The same figures should be used when calculating the redundancy payment for a person aged 61 and above.

Notes:

Statutory redundancy payments are based on length of continuous service (up to max of 20 yrs) and age as follows:

- for each completed year of service up to age 21 inclusive: half a week's pay
- for each completed year of service from age 22-40 inclusive: one week's pay.
- for each completed year of service from age 41 inclusive: one and a half week's pay.

This page is intentionally left blank

REPORT TO:	CABINET 24th February 2020
SUBJECT:	QUARTER 3 FINANCIAL PERFORMANCE 2019/20
LEAD OFFICER:	Lisa Taylor Director of Finance, Investment And Risk (Section 151 Officer) Jacqueline Harris Baker, Executive Director Resources & Monitoring Officer
CABINET MEMBER:	Councillor Tony Newman, Leader Of The Council Councillor Simon Hall, Cabinet Member For Finance And Resources
WARDS:	ALL

CORPORATE PRIORITY/POLICY CONTEXT:

The recommendations in the report will help to ensure effective management, governance and delivery of the Council’s medium term financial strategy and ensure a sound financial delivery of the 2019/20 in-year budget. This will enable the ambitions for the borough for the remainder of this financial year to be developed, programmed and achieved for the residents of our borough.

AMBITIONS FOR CROYDON & WHY WE ARE DOING THIS:

Strong financial governance and stewardship ensures that the Council’s resources are aligned to enable the priorities, as set out in the Corporate Plan, to be achieved for the residents of our borough and further enables medium to long term strategic planning considerations based on this strong financial foundation and stewardship.

FINANCIAL IMPACT

The reduced financial settlement, insufficient funding from the Home Office for UASC and ongoing demand pressures on a range of statutory services is resulting in pressures to the Council’s budget, and resulting in a forecast over-spend at Quarter 3.

The Council has been undertaking a series of measures during the year to contain these pressures. Many of these measures are one off, and work will need to continue both in-year and in subsequent financial years to ensure the Council operates within the funding available to it.

FORWARD PLAN KEY DECISION REFERENCE NO.

Not a key decision.

The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below

1 RECOMMENDATIONS

Cabinet is recommended to :

- i) Note the current revenue outturn forecast at the end of the third quarter of 2019/20 of **£5.8m** underspend, before exceptional items of **£8.2m**, resulting in a total overspend of **£2.4m**;

- ii) Note that the exceptional items of **£8.2m** relate to costs incurred by Croydon Council for Unaccompanied Asylum Seeking Children (UASC) and No Recourse To Public Funds (NRPF), due to woefully insufficient funding from the Home Office.
- iii) Note the ongoing engagement with and lobbying of Government by the Council for additional funding for Croydon, both in general terms and specifically Unaccompanied Asylum Seeking Children given Croydon's gateway status.
- iv) Note the HRA position of a **£1.5m** forecast overspend against budget;
- v) Note the capital outturn projection of **£277m**, forecast to be an underspend of **£159m** against budget;

RECOMMEND TO COUNCIL

- vi) The approval to reduce to the capital programme by **£1.2m** as set out in Table 6.

2. EXECUTIVE SUMMARY

- 2.1 This report updates Members on the Council's financial outlook at the end of the third quarter of 2019/20, which remains against a context of a series of adverse national funding changes affecting Local Government finance. This includes an ongoing chronic underfunding of Unaccompanied Asylum Seeking Children (UASC).
- 2.2 The budget set in February 2019 for 2019/20 assumed grant reductions of £7.8m (8.2%) in the financial year. To manage this reduction there were a number of savings totalling **£27.9m** built in to the budget. Alongside these savings there was growth of **£28.8m** for areas where demand and costs have increased with a continued shift of resources into Children, Families and Education. A sum of **£5.4m** will also be added to revenue reserves in 2019/20, replacing the amount drawn down at the end of 2018/19. This sum represents the surplus available from the collection fund during 2018/19, which was not available until after 1 April 2019.
- 2.3 Croydon Council continues to remain under huge financial pressures, deriving notably from:
- Historic underfunding of Croydon over the last 15-20 years,
 - Cumulative cuts of more than 75% of government funding between 2010/11 and 2019/20,
 - Failure to recognise the inflationary pressures the Council is subject to,
 - The Local Government Association (LGA) predicted funding shortfall of £8bn across the Public Sector by 2025. This is as a result of growing demand for services and increases in population particularly in social care services where the gap for adult social care is predicted to be £3.6bn by 2025 and £3.1bn in children's services.
 - Predicted shortfalls in a number of other areas, with key ones being, Homelessness at £421m and Public Health £655m
 - Substantial population increase
 - Significant growth in demand for services, both from demographic pressures, such as an aging population and changes to the make-up of the Croydon population
 - Impact of welfare reform, notably the benefits cap, freezing of in-work benefits, inadequacy of local housing allowance, universal credit,
 - Underfunding of new duties, such as Health Visiting, Deprivation of Liberty assessments, the Homelessness Reduction Act, extension of responsibility for care leavers to 25.

- Continued failure to properly fund the direct and indirect costs of Croydon's status as the gateway authority for Unaccompanied Asylum Seeking Children (UASC), even in the face of increased funding for other authorities
- Impact of the underfunding of the health economy
- Failure to fund the cost of High Needs via Dedicated Schools Grant adequately
- Restrictions on council housing, including rent restrictions and rules on right-to-buy receipts.
- Delivering improvement as a result of the recent Ofsted inspection findings in Children's Social Care.

2.4 The financial monitoring process has identified a number of pressures across the council with the most significant being within the Health, Wellbeing and Adults department. The Council's overall forecast revenue over spend of **£2.371m** is made up of Departmental under spends of **£5.848m**, non-departmental under-spends of **£10.629m** and exceptional items of **£8.219m**. These exceptional costs relate to additional costs associated with UASC. Without these exceptional items the forecast underspend would be **£5.848m**, as shown in Table 1 below.

Table 1 – Summary of forecast revenue outturn position at Quarter 3

Department	Quarter 3 Forecast Variance £'000s	Quarter 2 Forecast Variance £'000s
Children, Families and Education	875	1,114
Health, Wellbeing and Adults	9,891	9,122
Place	(2,500)	0
Gateway, Strategy and Engagement	964	224
Resources	(4,449)	0
Departmental Overspend	4,781	10,460
Corporate Items	(10,629)	(8,603)
Sub Total - Before Exceptional Items	(5,848)	1,857
Exceptional Items - Unaccompanied Asylum Seekers (UASC)	8,219	8,550
Total Projected Overspend	2,371	10,407

2.5 Details of the work being undertaken to manage the overspend is shown below in Paragraphs 2.6 to 2.11. In terms of dealing with any in-year overspend, the £5.4m contribution to reserves identified in paragraph 2.2 could be reduced, indeed it could be reduced to zero should it be required. Any remaining shortfall would have to be drawn out of either earmarked reserves or general balances. It should be noted that, over the last five years, and despite all the huge pressures that Croydon Council has faced notably for the reasons detailed in Section 2.3, the level of general fund has been maintained at £10.4m and the earmarked reserves have been used for the purposes they were set up for.

2.6 Based on the significant demand pressures and challenges that still continue to impact the council work is underway to look at how these pressures can be reduced, these include:

- Continued lobbying of government to fund Croydon adequately for services provided including High Needs DSG and UASC costs.
- Review of Adult Social Care to ensure services are delivered efficiently and effectively
- Review of all high cost placements – adults and children's social care
- Review of fees and charges.
- Review of capitalisation and use of transformation funds.

- Review of SEN travel provision.
 - Establishment of a High Needs Cost Panel to review all out of borough placements and bringing them in house
 - Optimisation of use of in-house foster carers and in sourcing of our fostering recruitment from Coram to provide more and higher quality local placements
 - Implementation of the High Needs strategy which sets out a five year plan to address the current overspend and supports delivery of improvements and planning for resources to meet identified needs
 - Review of service provision for Appeal Rights Exhausted individuals and families.
 - Review of services provided by external contractors.
 - Increased controls on recruitment and agency staff.
 - Review of agency staff in all departments
- 2.7 In addition to the items above, a series of in-year budget ‘sprint’ sessions have taken place to review all current expenditure on a department by department basis, focused on further reducing expenditure.
- 2.8 The Council is continuing to make a concerted drive for fairer funding for Croydon. Discussions continue with the Home Office to increase our funding for UASC. The recent UASC Funding Review did not result in any uplift in the tariff rates which Croydon can claim for supporting UASC, whereas all other local authorities did receive an uplift.
- 2.9 Where appropriate the council will seek to recover funds from the Clinical Commissioning Group (CCG) for all placements with a health need and rebalancing the impact of the One Croydon Alliance for health and social care partners. £2m of funding has been assumed within the position set out in this report.
- 2.10 Details of major variances are provided in Table 2 in Section 3 of this report, with further information about all projected outturn variances in Appendix 1 to this report.
- 2.11 The Council is continuing with its planned insourcing programme, with large parts of SEN transport, Special Sheltered Housing and School Improvement and Education Psychology delivered by Octavo Partnership all being insourced. Insourcing of vital services ensures better control and outcomes for some of our most vulnerable residents. It ensures we are better placed to focus on improving outcomes with the resident at the forefront of the delivery model whilst also ensuring that staff are paid the London Living Wage and benefit from Council terms and conditions.

3. GENERAL FUND 2019/20 REVENUE SUMMARY

- 3.1 The projected outturn position at the third quarter of 2019/20 is showing the effect of anticipated saving and recovery plans that are being implemented.
- 3.2 The 2019/20 budget was set with the inclusion of growth to help manage previously identified pressures and ambitious savings targets. Despite this growth there continues to be increasing demand for the services in relation to adult and children’s social care.

Table 2 – 2019/20 significant forecast variances

	Major Variances over £500k	Quarter 3 £'000	Quarter 2 £'000	2018/19 Outturn £'000
CHILDREN, FAMILIES & EDUCATION				
Social Care with Children Looked After	Increase in the number of external placements	1,852	1,852	0
	Dedicated Schools Grant expenditure	(513)	0	0
	Children, Families and Education Variances below £500k	(464)	(738)	9,532
CHILDREN, FAMILIES AND EDUCATION TOTAL		875	1,114	9,532

HEALTH, WELLBEING AND ADULTS				
25-65 Disability Service	Residential Care - increase in client numbers and increase in placement costs.	1,175	944	2,848
	Domiciliary Care - increased client numbers and increased supported living costs	1,411	2,144	0
Over 65s	Nursing Care - increase in client numbers and increase in placement costs.	3,454	2,712	2,790
	Domiciliary Care - continued increase in clients and hours provided.	2,836	2,889	0
	Residential care - primarily due to increase in client numbers and weekly costs	1,034	503	624
	Increase in the number of clients receiving Direct Payments	821	519	0
Transformation and Clienting	Use of transformation funding to fund ADAPT programme	(1,400)	(1,000)	(1,529)
	Variances below £500k	560	361	2,926
HEALTH, WELLBEING AND ADULTS TOTAL		9,891	9,122	1,731

PLACE				
Public Realm	SEN Transport pressure due to increased placements	2,874	1,700	2,090
	Parking revenue due to increase in non-compliance	(2,630)	(2,655)	(3,700)
	Highway costs recharged to capital	(3,209)	(566)	(580)
	Waste disposal costs due to increased volumes	1,070	1,146	(1,205)
Planning	Development control income	(536)	(438)	(186)
	Variances below £500k	(69)	813	(5,410)
PLACE TOTAL		(2,500)	0	(5,410)

GATEWAY, STRATEGY AND ENGAGEMENT				
Enablement and Welfare	No Recourse to Public Funds savings based on current demand levies	(501)	(508)	(278)
Gateway Improvement	Potential non-delivery of savings relating to Children and Adult Social Care, partly offset by some service savings	2,024	2,088	0
	Residents and Gateway Services Variances below £500k	(559)	(1,276)	254
GATEWAY, STRATEGY AND ENGAGEMENT TOTAL		964	224	(24)

RESOURCES				
Facilities Management & Support Services	Expenditure identified within the revenue budget that can be capitalised	(900)	0	0
Finance, Investment and Risk	No variances over £500k. The previous financial year related to an overspend on Housing Benefits.	0	0	1,510
Croydon Digital Services	Additional recharging to other funds	(1,751)	0	(561)
	Variances below £500k	(1,798)	0	220
RESOURCES TOTAL		(4,449)	0	1,169
TOTAL DEPARTMENT OVERSPEND		4,781	10,460	6,998
CORPORATE ITEMS				
	Use of contingency budget	(2,000)	(2,000)	(2,000)
	Net interest earned	(4,100)	(1,724)	(1,873)
	Agency staffing savings – now captured in departments	0	(1,000)	0
	Transformation funding	(2,000)	(2,000)	0
	S106/ CIL/ Growth Zone funding	(1,000)	(1,000)	0
	Capitalisation	(2,000)	(2,000)	0
	Corporate items - Variances below £500k	471	1,440	(2,780)
CORPORATE ITEMS TOTAL		(10,629)	(8,603)	(6,653)
SUB TOTAL BEFORE EXCEPTIONAL ITEMS		(5,848)	1,857	345
Exceptional Items	Unaccompanied Asylum Seekers Grant lower than associated costs (UASC)	7,566	7,897	3,071
	No Recourse to Public Funds costs for UASC	653	653	2,050
Exceptional Items Total		8,219	8,550	5,121
TOTAL VARIANCE		2,371	10,407	5,466

3.3 The main areas of pressure are similar to last year and continue to be within Health, Wellbeing and Adults as well as Children, Families and Education. These are also the areas that local authorities across the country are grappling with and are typically showing much larger percentage overspends.

- 3.4 As a result of the Ofsted inspection in the summer of 2017 £10.784m was added to the budgets for Children's Services in 2018/19, and a further £12.0m added in 2019/20 to cover costs associated with additional placements, additional staff resources for social work and legal costs. This is in addition to the transformation funding of £20m. The budget for 2020/21 also makes provision for further revenue growth.
- 3.5 Children's Services is still continuing to experience pressures due to the number of cases that are being dealt with but also as a result of the transition whilst the new teams are being put into place and recruitment to roles continues. Funding for transformation will continue to be utilised where appropriate to fund Children's Services.
- 3.6 The exceptional item reported at quarter 3 continues to relate to UASC which the Council is continuing to lobby the government to fund adequately. The UASC pressure continues to be as a result of the Home Office only funding a fixed rate per child, which does not accurately reflect our direct and indirect costs for looking after those children, nor the costs of acting as a 'gateway' authority. The number has decreased slightly from that reported at quarter two due to a decrease in number of children requiring support. Options to reduce this funding gap through the reduction of costs and maximising Home Office income are still continuing to be explored. A further meeting took place with Home Office officials and other gateway authorities at the end of November with a commitment from them to review funding for Croydon and to reconvene in the New Year.
- 3.7 The Home Office had previously said that they are committed to reviewing funding rates and in May 2019, they announced an additional £30m of funding nationally. This announcement increased the rates paid to all Upper Tier and Unitary Local Authorities to £114 per UASC per night. Croydon was already in receipt of this rate and, as such, received no increase. Representations continue to be made to central government, making a case for the extraordinary circumstances experienced in Croydon of supporting a large cohort of UASC and former UASC care leavers.
- 3.8 The Improved Better Care Funding (IBCF) is for a three year period and was allocated in two tranches. Tranche 1 was allocated in spending review 2015 and formed part of adult social care core funding to mitigate the reduction in core grant funding. This allocation was built in to base budgets and enabled protection from cuts. Tranche 2 was allocated in the spring 2017 budget. This money will be spent across the health and social care sector to ensure the criteria of the funding of Meeting Adult Social Care Needs, Supporting Hospital Discharge and Stabilising the Social Care provider Market are met.
- 3.9 The Local Government Association has launched a nationwide consultation to start a desperately-needed debate on how to pay for adult social care and rescue the services caring for older and disabled people from collapse.
- 3.10 Years of significant underfunding of councils, coupled with rising demand and costs for care and support, have combined to push adult social care services to breaking point.
- 3.11 Since 2010 councils have had to bridge a £6 billion funding shortfall just to keep the adult social care system going. In addition the LGA estimates that adult social care services face a £3.6 billion funding gap by 2025, just to maintain existing standards of care, while latest figures show that councils in England receive 1.8 million new requests for adult social care a year – the equivalent of nearly 5,000 a day.
- 3.12 Decades of failures to find a sustainable solution to how to pay for adult social care for the long-term, and the Government's recent decision to delay its long-awaited green paper on the issue until the autumn, has prompted council leaders to take action.

- 3.13 Short-term cash injections have not prevented care providers reluctantly closing their operations or returning contracts to councils and less choice and availability to a rising number of people with care needs. This is increasing the strain on an already-overstretched workforce and unpaid carers, and leading to more people not having their care needs met.
- 3.14 Increased spending on adult social care – which now accounts for nearly 40 per cent of total council budgets – is threatening the future of other vital council services, such as parks, leisure centres and libraries, which help to keep people well and reducing the need for care and support and hospital treatment.
- 3.15 The LGA consultation sets out options for how the system could be improved and the radical measures that need to be considered given the scale of this funding crisis. Possible solutions to paying for adult social care in the long-term outlined in the consultation include:
- Increasing income tax for taxpayers of all ages: a 1p rise on the basic rate could raise £4.4 billion in 2024/25
 - Increasing national insurance: a 1p rise could raise £10.4 billion in 2024/25
 - A Social Care Premium – charging the over-40s and working pensioners an earmarked contribution (such as an addition to National Insurance or another mechanism). If it was assumed everyone over 40 was able to pay the same amount (not the case under National Insurance), raising £1 billion would mean a cost of £33.40 for each person aged 40+ in 2024/25.
 - Means testing universal benefits, such as winter fuel allowance and free TV licenses, could raise £1.9 billion in 2024/25
 - Allowing councils to increase council tax – a one per cent rise would generate £285 million in 2024/25
- 3.16 The consultation - the biggest launched by the LGA – is seeking the views of people and organisations from across society on how best to pay for care and support for adults of all ages and their unpaid carers, and aims to make the public a central part of the debate. The LGA will respond to the findings in the autumn to inform and influence the Government’s green paper and spending plans.
- 3.17 The LGA green paper – alongside funding issues – also seeks to start a much-needed debate about how to shift the overall emphasis of our care and health system so that it focuses far more on preventative, community-based personalised care, which helps maximise people’s health, wellbeing and independence and alleviates pressure on the NHS.
- 3.18 The number of children in care has increased by nearly a third in the last decade leaving the system under pressure, the Local Government Association has said. According to official data the number of children in care has reached a 10-year high – rising from 60,900 in 2009 to 78,150 in 2019.
- 3.19 The LGA has warned that the 28% increase has coincided with funding shortages putting councils under “immense pressure” to provide support for vulnerable children and young people. Councils in England have seen a 53% increase in children on child protection plans, up by 18,160 since 2009.
- 3.20 There has been a further 139% rise in serious cases where the local authority believes a child may be suffering, or likely to suffer, significant harm. The number of these cases rose from 84,100 to 201,170. The LGA urged the government to work with councils on its review of children’s social care and ensure the financial sustainability of the system.
- 3.21 Judith Blake, chair of the LGA’s children and young people board, said: “These figures show the sheer scale of the unprecedented demand pressures on children’s services and

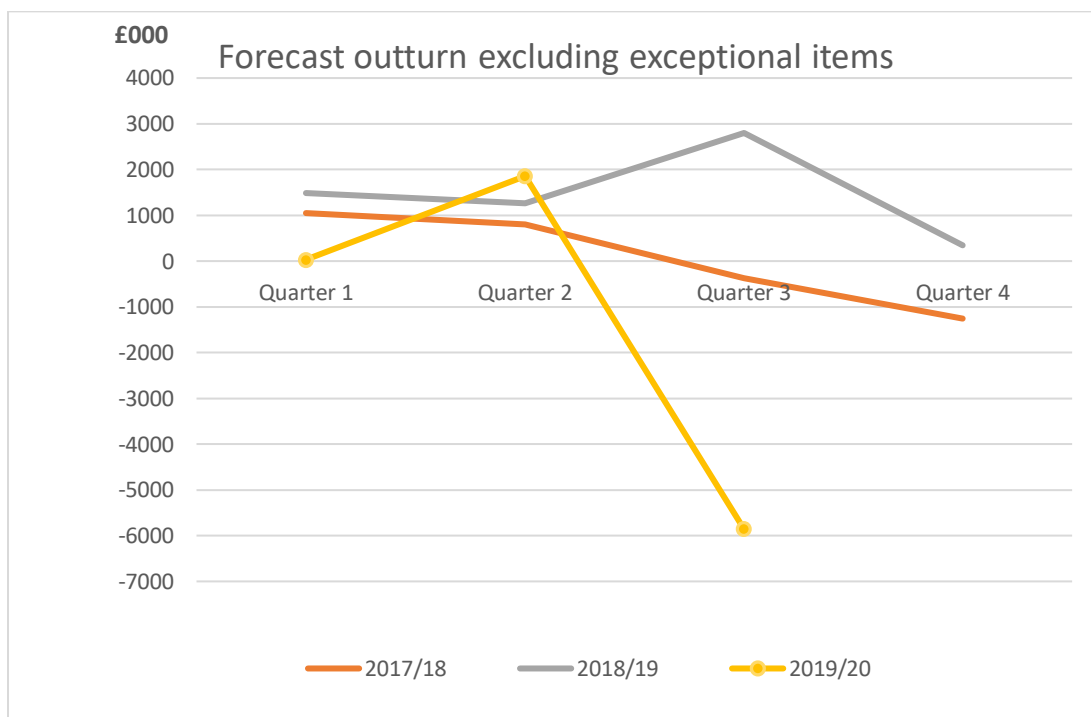
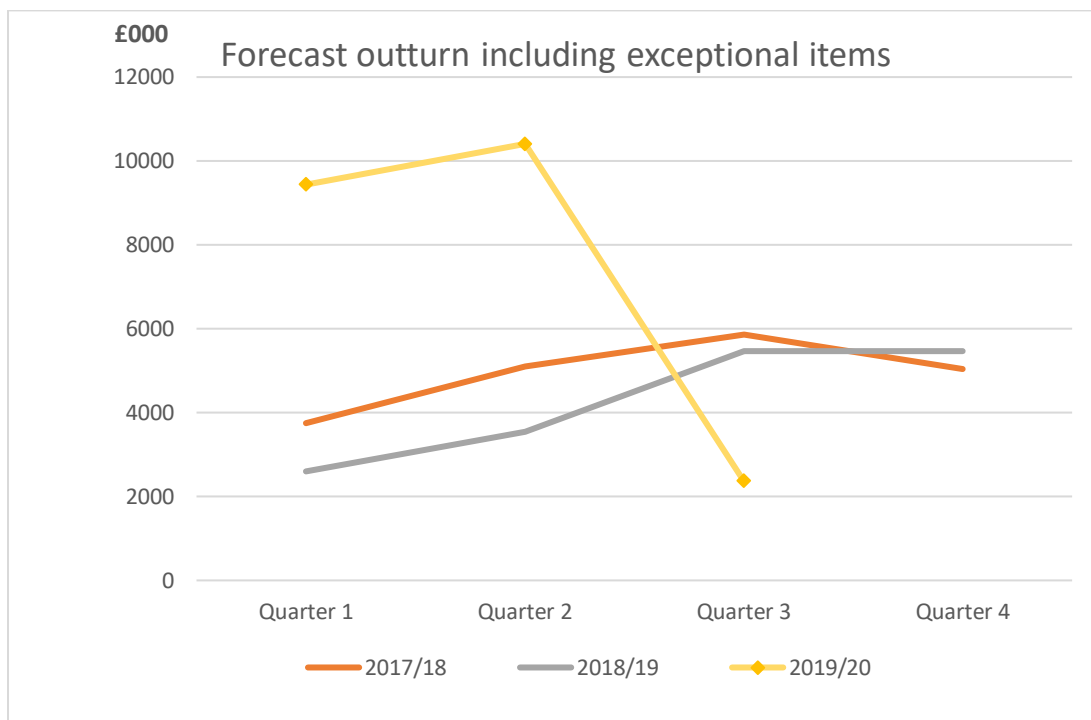
the care system this decade. "This is unsustainable. Councils need to be given a seat at the table for the care system review, alongside children, families and partners, to make sure this looks at what really matters and what can really make a difference."

- 3.22 The umbrella group noted that councils were forced to overspend on children's services by nearly £800m last year in order to provide for vulnerable children.
- 3.23 A government spokesperson said: "We know that too many children are waiting for the stable and loving home they deserve, which is why we are boosting the number of foster and adoptive parents and offering plenty of support to these families from the word go - including £45 million through the Adoption Support Fund, announced recently by the Education Secretary. "We are moving forward with a review of the system so that children receive the best possible care."
- 3.24 Last month chief executive of Children England Kathy Evans said that children's services were "close to collapse".
- 3.25 As detailed in this report we are continuing to experience rising demand and costs. This year to date, Children's Social Care residential assessments have increased by 33%, and the number of children with a Child Protection Plan has also increased by 66%, contributing towards the reported overspend. At quarter 3, the number of children in care decreased with 803 in placements at the end of December, which is a reduction of 30 children from the previous quarter. 41 children were in residential settings at the end of Q3 representing 5% of the CLA population with 51.1% (412 children) CLA in external placements of which 302 are in private independent foster care settings. This represents an increase of 3 children in external placements from the previous quarter.

4 GENERAL FUND REVENUE SUMMARY POSITION 2019/20

- 4.1 Graph 1 below shows the forecast variance for 2019/20 compared to previous years. The graphs show the position both inclusive of exceptional items, and excluding exception items (explained in paragraph 3.6 above). The Council continues to manage its finances through the rigorous monitoring and control of spending within the framework of the Financial Strategy.

Graph 1 – Forecast Variances



5 VIREMENTS OVER £500K REQUIRING CABINET APPROVAL

5.1 There are no virements requiring approval.

6. HRA (HOUSING REVENUE ACCOUNT)

6.1 The current forecast for the HRA is for an estimated overspend of £1.519m. The key variances being reported in at Quarter 3 are summarised Table 3 below:

Table 3 – 2019/20 Main variances within the HRA

Department	Major Variances	Quarter 3 £'000	Quarter 2 £'000
HRA – DISTRICT CENTRES AND REGENERATION	Underspends on staff costs	(215)	(46)
HRA – HOUSING NEED	Forecast pressure on under recovery of rental income from garage and commercial property, staffing and support costs. This was offset in quarter 2 by the anticipated release of a provision, but this release is not now expected to take place in this financial year, therefore resulting in an increase in the forecast outturn position.	1,734	0
TOTAL HRA PROJECTED VARIANCE		1,519	(46)

6.2 Longer term budget planning for the HRA is continuing to take place and includes reviewing the impact of the Housing and Planning Act 2016 to understand the likely impact pending the outcome of recent government consultations on use of retained Right to Buy capital receipts. In addition, to build a sustainable budget for revenue and capital spend within the HRA.

6.3 As previously reported to this Cabinet, Croydon Affordable Homes LLP is responsible for managing a number of affordable rented properties working alongside Brick by Brick Limited and The Hub to deliver these additional properties in 2019. Recently, 27 Brick by Brick new build properties have been transferred into the HRA, funded partly by grant from the GLA. These properties are in addition to the street properties that were purchased under the ETA (Emergency Temporary Accommodation) programme. These street properties have transferred to two LLPs: 96 properties into one and 250 into the other, taking the total properties to 346. These properties are all being managed alongside the existing HRA property portfolio.

6.4 Ongoing fire safety works are continuing and will continue to be funded from the HRA as a result of the government failing to provide funding for these essential works. Currently for 2019/20 the investment is £10m for the Fire Safety programme and £1.5m for larger homes.

7. FORECAST CAPITAL OUTTURN POSITION

7.1 The high level Capital programme for 2019/20 is shown in Table 4 below, full details of all projects are shown in Appendix 2. A forecast under spend of £159m is projected for 2019/20.

Table 4 – 2019/20 Capital Programme

Original 2019/20 Budget £'000s	Department	Carry forward from 2018/19 £'000s	Re-profiling / Increases in Schemes £'000s	Revised Budget 2019/20 £'000s	Actuals April - Dec 2019 £'000s	Forecast Outturn £'000s	Forecast Variance £'000s
0	HEALTH, WELLBEING AND ADULTS	334	1,500	1,834	17	1,834	(0)
35,638	CHILDREN, FAMILIES AND EDUCATION	14,022	(17,023)	32,637	13,319	31,136	(1,501)
77,790	PLACE	34,410	19,421	131,621	46,234	97,635	(33,986)
9,673	GATEWAY, STRATEGY & ENGAGEMENT	29,571	3,245	42,489	9,997	31,032	(11,457)
60,373	RESOURCES	14,264	102,658	177,295	15,703	74,853	(102,442)
183,474	GENERAL FUND TOTAL	92,601	109,801	385,876	85,270	236,490	(149,386)
38,451	HOUSING REVENUE ACCOUNT	7,042	0	52,243	18,979	42,205	(10,038)
221,925	CAPITAL PROGRAMME TOTAL	99,643	109,801	438,119	104,249	278,695	(159,424)

7.2 The main reported variances on projects within the Council's capital programme are as follows:

7.2.1 **Park Life** (£12m) – This scheme is currently delayed, pending a review by the funding body.

7.2.2 **Affordable Housing** (£8m) – This under-spend is a result of savings on the anticipated purchase cost of the property acquisition programme

7.2.3 **Fiveways junction** (£3m) – This underspend is due to Transport for London delaying the start of these works.

7.2.4 **Asset Investment Fund** (£97m) – The investment planned earlier in the year is not taking place now. Work is underway to identify other opportunities.

7.2.5 **Fire Safety Programme** (£7m) slippage - Fire safety works are progressing, with more capital works to be carried out in response to any future recommendations in addition to the £4.2m of works undertaken in 2018/19. There has been some slippage as a result of contractor delays, which are being managed.

7.3 The capital programme continues to be funded from a number of different funding streams and makes use of capital receipts to support the delivery of the financial strategy. Table 5 below details the funding for the original 2019/20 budget, the revised programme and the forecast outturn.

Table 5 – Sources of capital funding

Funding	Original 2019/20 budget	Revised 2019/20 budget	Forecast 2019/20 Outturn
	£000s	£000s	£000s
Capital receipts	2,500	0	0
Education & Skills Funding Agency	10,000	10,000	10,000
School Condition Funding (Education)	2,000	2,000	2,000
Basic Needs (Education)	6,833	6,833	6,833
EFA Invest to Save (Education)	969	969	969
Transport for London funding	2,462	4,129	4,129
Community Infrastructure Levy (CIL)	6,800	6,800	7,200
CIL local meaningful proportion	576	1,272	770
Disabled Facilities Grants	2,400	4,379	1,900
Borrowing	49,570	101,172	86,600
Borrowing - (Revolving Investment Fund payments)	37,273	76,709	60,360
Borrowing - Asset Acquisition Fund	45,000	150,893	46,638
Borrowing - Growth Zone	8,000	9,782	8,000
Section 106 receipts	1,800	3,647	1,091
Football foundation	7,291	7,291	-
GENERAL FUND	183,474	385,876	236,490
HRA - Borrowing	7,677	18,769	7,097
HRA - Revenue Contribution	10,000	10,000	11,634
HRA - Use Of Capital Receipts	20,774	20,774	20,774
HRA - GLA Funding for new build properties		2,700	2,700
HRA FUNDING	38,451	52,243	42,205
TOTAL FUNDING	221,925	438,119	278,695

- 7.4 The majority of the general fund borrowing detailed excluding that specifically identified for the Revolving Investment Fund and items in table 6 is to fund the education programme due to the inadequate level of funding received from Government and the essential need to provide school places in the borough.
- 7.5 The revised budget has been updated to include new in year schemes. Details of these schemes can be found in Table 6 below, in the section “Quarter 3 adjustments”. Cabinet is asked to recommend to Full Council a £1.207m reduction to the Capital programme.

Table 6 – Additions to the Capital Programme

Additions to the Capital Programme	£000s	2019/20 £000s
2019/20 Original Budget		221,925
2018/19 Carry Forward		99,643
Adjustments at July Review (GPAC July 2019):		
CALAT - Creative Campus / University for Croydon	660	
Timebridge Community Centre (Fieldway Cluster)	1,168	
Crosfield CES	454	
Sub-total of changes in July Review		2,282
New adjustments at Quarter 1		
New Addington Leisure Centre – late slippage from 2018-19 not previously reported	12,230	
TfL LIP – additional funding has now been confirmed by TfL London	1,667	
Finance and HR system – further works identified to optimise performance	245	
Asset Acquisition fund	100,000	
Early Help Centres	200	
Section 106 expenditure - funding for West Thornton withdrawn	(650)	
Walking and Cycling strategy – profiled down to match planned activity	(626)	
Play equipment – this activity will be funded by Section 106	(250)	
Sub-total Quarter 1 adjustments		112,816
HRA - purchase of new build properties	6,750	
Purchase of key worker housing	3,245	
New Addington Leisure Centre - adjust budget to reflect that the 8 housing units won't be sold, and therefore a capital receipt won't be received	2,500	
Assets - Stubbs Mead depot works	1,659	
Early Help Hubs	150	
Sheltered Housing	1,500	
Re-profile Education Estates Budget	(13,822)	
Newly approved s106 funding Q2	378	
Demolition of Buffer Bear site (Corporate Property Programme)	100	
Corporate property – late slippage from 2018-19 not previously reported	200	
Sub-total Quarter 2 adjustments		2,660
Use any underspend on the Affordable Housing Programme to continue with street property acquisitions above the 250 originally authorised - no impact on the budget		
Re-profile Education Estates Budget	(3,551)	
New s106 Schemes	2,344	
Sub-total Quarter 3 adjustments		(1,207)
LBC CAPITAL PROGRAMME TOTAL		438,119

- 7.6 Full Council approved an increase in the Capital Programme in December, which included £3.2m for the purchase of Key Worker homes. The Executive Director for Place along with the Cabinet Member for Finance and Resources will report to Cabinet in March setting out more detail on this proposal, which forms part of the broader Housing Strategy.
- 7.7 As reported in the Council Tax report, the Executive Member for Place and the Cabinet Member for Finance and Resources will seek approval from Cabinet in March for the next phase of the Affordable Homes strategy. In order to begin the next phase, it is proposed to ask Cabinet to recommend to Full Council that it approve the use of any remaining under-spend against the existing Affordable Homes budget to begin a series of new property acquisitions. The report to Cabinet in March will set out the full proposal for the next round of street property acquisitions, linking to the broader Housing Strategy.

8. FINANCIAL MANAGEMENT

- 8.1 Council Tax and Business Rates are two key income streams for the Council. Collection rates for the current year are show in Table 8 below:

Table 8 - Council Tax and Business Rates collection

	Target collection – year to date %	Actual collection – year to date %	Variance to target – year to date %	Variance to last year at Q3 %
Council Tax	81.17	81.09	(0.08)	(0.11)
Business Rates	82.98	82.03	(0.95)	(1.05)

Council Tax

- 8.2 At the end of quarter 3 Council Tax collection is under target by 0.08%. The Council carried out a Single Persons Discount review this year, which was completed in Q3 and resulted in the collectable amount increasing. A review was not carried out in 2018/19. In December the base increased by £229.5k compared to a reduction last year of £28.6k which affected the collection compared to the same quarter last year.

Business Rates

- 8.3 At the end of quarter 3 Business Rates collection is 0.95% below the target. A proportion of larger businesses were due to pay their instalment in December. However, these payments were not received until January 2020 and accounts for a 0.25% reduction in collection for quarter 3. These will be collected in quarter 4. The target for the current year is 99.25%.
- 8.4 Collection is also affected by the Company Voluntary Arrangement granted to a large store in the town centre which has resulted in a significant reduction in the amount of business rates being paid (agreement was to pay 0.48% of all business rates owed across the country), and accounts for a 0.28% reduction in collection. Forecasting shows that we are still expecting to hit our collection target of 99.25%.

9. CONSULTATION

- 9.1 All departments have been consulted during the preparation of this report.

10. PRE-DECISION SCRUTINY

- 10.1 This financial performance report has not been presented to scrutiny and overview committee in this format. The report identifies a number of key areas that have and are continuing to result in the huge financial pressure that we are facing. Scrutiny and Overview committee received a report in September 2019 (Min Ref 27/19) with a further budget report to be presented in February 2020.

11. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 11.1 This report sets out the current financial position of the Council, and actions being taken to address the projected overspend.

The report is submitted by Lisa Taylor – Director of Finance Investment & Risk and Section 151 officer

12. LEGAL CONSIDERATIONS

- 12.1 The Head of Law and Litigation on behalf of the Director of Law and Governance comments that the Council is under a duty to ensure that it maintains a balanced budget and to take any remedial action as required in year.
- 12.2 The Local Government Act 1972 Section 151 states that each local authority has a statutory duty to make arrangements for the proper administration of their financial affairs. In addition, the Accounts and Audit Regulations 2015 impose an explicit duty on the Council to ensure that financial management is adequate and effective and that they have a sound system of internal control, including arrangements for the management of risk.
- 12.3 “Proper administration” in the context of Section 151 referenced above is not statutorily defined; however, there is guidance, issued by CIPFA on the responsibilities of the Chief Finance Officer (CFO). This states that local authorities have a corporate responsibility to operate within available resources and the CFO should support the effective governance of the authority through development of corporate governance arrangements, risk management and reporting framework. Regular monitoring of the Council’s actual expenditure to budget and forecasting of the expenditure for the full year is part of the proper administration and governance of the Council.
- 12.4 Part 4 of the Constitution Budget and Policy Framework provides in paragraph 4 (a) that any decision, on the advice of the CFO, which is contrary to or not wholly in line with the budget approved by Full Council may only be taken by the Council, save in cases of urgency.

Approved by: Sandra Herbert Head of Litigation and Corporate Law on behalf of the Director of Law and Governance and Deputy Monitoring Officer.

13. HUMAN RESOURCES IMPACT

- 13.1 The items from the in-year budget management may have an impact on workforce planning. These can vary from posts not being re-filled or deleted through restructures proposals leading to possible redundancies. Where that is the case, the Council’s existing policies and procedures must be observed and HR advice must be sought.

- 13.2 HR will continue to work closely with service areas on any in year proposals for savings or service redesign that affect the workforce. All proposals will be managed within the council HR procedures and policies and be subject to formal consultation with the trades unions.

Approved by: Sue Moorman, Director of Human Resources

14. EQUALITIES IMPACT

- 14.1 The key service areas that currently have over spend in budgets are Children's Social Care and Adults Social Care. These are areas that provide services to customers from equality groups that share protected characteristics; such as younger people (Looked after Children), people with a disability (Children with special educational needs), older people and BME groups. There are a number of known equality and inclusion issues in the above mentioned service areas such as an over-representation of BME young people in looked after children, over-representation of BME groups and other vulnerable groups, young children with a disability who have a special educational needs and their carers, vulnerable older people with complex needs etc. The mitigating actions, on these specific services are unlikely to affect these groups more than the population as a whole. In fact, a number of those will affect these groups less.
- 14.2 In addition, there are policy changes made by Government that will impact on the in-year budget, in particular the delay in the implementation of the Immigration Act. The Council will work to ensure key services to Croydon residents are protected wherever possible. However, it is likely that some of the areas affected will be a reduction in Home Office funding for UASC, Youth Justice Board grant and changes to the Welfare and Housing Bill. There is a likelihood that these cuts will have a more significant adverse impact on some groups that share a protected characteristic such as age, race and disability. Changes to the Welfare and Housing Bill are also likely to have an adverse negative impact on the more vulnerable customers.
- 14.3 In order to ensure that our vulnerable customers that share a "protected characteristic" are not disproportionately affected by the actions proposed to reduce in year budget over spend we will ensure that the delivery of the cost reduction initiatives are informed by a robust equality analysis of the likely detrimental impact it could have on all services users and in particular those that share a "protected characteristic".
- 14.4 If the equality analysis suggests that the cost reductions initiatives are likely to disproportionately impact on particular group of customers, appropriate mitigating actions will be considered. This will enable the Council to ensure that it delivers the following objectives that are set out in our Equality and Inclusion Policy:
- To increase the rate of employment for disabled people, young people, over 50s and lone parents who are furthest away from the job market
 - To increase the support offered to people who find themselves in a position where they are accepted as homeless especially those from BME backgrounds and women
 - To reduce the rate of child poverty especially in the six most deprived wards
 - To improve attainment levels for white working class and Black Caribbean heritages, those in receipt of Free School Meals and Looked After Children, particularly at Key Stage 2 including those living in six most deprived wards
 - To increase the percentage of domestic violence sanctions
 - To increase the reporting and detection of the child sexual offences monitored
 - To reduce the number of young people who enter the youth justice system
 - To reduce social isolation among disabled people and older people

- To improve the proportion of people from different backgrounds who get on well together
- To reduce differences in life expectancy between communities

15. ENVIRONMENTAL IMPACT

15.1 There are no direct implications contained in this report.

16. CRIME AND DISORDER REDUCTION IMPACT

17.1 There are no direct implications contained in this report.

18. DATA PROTECTION IMPLICATIONS

18.1 This report and its recommendations does not involve the processing of personal data

19. REASONS FOR RECOMMENDATION /PROPOSED DECISION

19.1 Given the current in year-position Executive Leadership Team have been tasked to identify options to achieve a balanced year-end position.

20. OPTIONS CONSIDERED AND REJECTED

20.1 Given the current in year-position Executive Leadership Team have been tasked to identify options to achieve a balanced year-end position. The alternative would be to over-spend and draw down on balances, which would not be prudent.

CONTACT OFFICER: Lisa Taylor – Director of Finance, Investment & Risk and Section 151 Officer.
Tel number 020 8726 6000 ext. 61438

BACKGROUND PAPERS: None

APPENDICES: Appendix 1 – Revenue Variations over £100k with explanation
Appendix 2 – 2019/20 Q3 Capital Outturn Forecast

REVENUE VARIATIONS OVER £100K WITH EXPLANATION**CHILDREN, FAMILIES AND EDUCATION**

Division	Explanation of variance	Qtr 3 Amount (£000)	Qtr 2 Amount (£000)
Quality Assurance and Safeguarding	Other Minor Variances < £100k	55	45
Early Help and CSC Directorate	Reduction in care proceedings	(700)	(700)
	Increase in staffing	137	0
	Other Minor Variances < £100k	67	44
Social Work with Families	Reduction in assessments	(312)	0
	Reduction in staffing and agency	(224)	0
	Other Minor Variances < £100k	82	29
Social Work with Children Looked After and Care Leavers	Increase in the number of external placements	1,852	1,852
	Other Minor Variances < £100k	346	0
SPOC and Assessments	Increases in staffing	243	0
	Other Minor Variances < £100k	56	36
0-25 CWD and Transitions Service	Alignment of early intervention	101	379
	Other Minor Variances > £100k	0	0
Early Help and Youth Engagement	Staff vacancies across the service	(125)	(115)
	Other Minor Variances < £100k	0	0
Adolescent Services	Staff vacancies across the service	(180)	(213)
	Other Minor Variances < £100k	0	(91)
Education	Other Minor Variances < £100k	(513)	(152)
Directorate	Other Minor Variances < £100k	(10)	0
Total Forecast Variance – CHILDREN,FAMILIES AND EDUCATION		875	1,114

HEALTH, WELLBEING AND ADULTS

Division	Explanation of variance	Qtr 3 Amount (£000)	Qtr 2 Amount (£000)
25-65 Disability Service	Residential Care Placements - increase in client numbers and increase in placement costs.	1,175	944
	Domiciliary Care - increased client numbers and increased supported living costs	2,012	2,144
	Direct Payments - increase in client numbers and average cost of care	821	113
	Cost of transitions due to Children with Disabilities	1,176	0
	Other Minor Variances < £100k	64	313
Mental Health	An increase client numbers and increase in placement costs is now not forecast to exceed the budget	0	241
	Increase in the volume of direct payments	736	0
	A forecast overspend on staffing due to agency staff covering vacancies has been reduced between quarters 2 and 3	0	100
	Other Minor Variances < £100k	(28)	53
Over 65 Commissioning	Contract Costs – Payments to Voluntary organisation higher than anticipated	104	20
	Contract cost on Fellows court , including A&E Liaison	333	330
	Care UK PFI Care homes contract	0	(10)
	Additional Income from residential homes	(289)	(292)
	Relates to additional care costs across Extra Care Housing provision, which is mitigated by additional income.	325	346
	Other Minor Variances < £100k	(114)	(96)
Over 65 providers	Nursing Care - increase in client numbers and increase in placement costs	3,454	2,712
	Domiciliary Care associated with continued increase in clients and hours provided.	2,836	2,889
	Residential Care - increases in average weekly costs	1,034	503
	Direct Payments	821	519
	Vacant staff posts in Localities	(404)	0
	Use of transformation for LIFE / Reablement	(2,000)	0
	Vacant posts in occupational therapy	(175)	0
	Vacant posts in House Day Care services	(119)	0
	Other Minor Variances < £100k	(862)	(902)
Day and Employment Services	Other Minor Variances < £100k	381	143
Disability Commissioning and Brokerage	Other Minor Variances < £100k	10	0
Transformation and Clienting	Use of transformation funding to fund ADAPT programme	(1,400)	(1,000)
	Other Minor Variances < £100k	0	50
Total Forecast Variance – HEALTH, WELLBEING AND ADULTS		9,891	9,122

PLACE DEPARTMENT

Division	Explanation of variance	Qtr 3 Amount £'000	Qtr 2 Amount £'000
SEN transport	SEN transport pressure due to increased number of placements	2,874	1,700
Parking Services	Parking revenue due to non-compliance	(2,630)	(2,655)
Highways	Highway costs charged to capital	(3,209)	(566)
Waste	Waste disposal due to increase in volumes	1,070	1,146
Development Control	Development control income through additional planning applications	(536)	(438)
Leisure	Dilapidations and contract amendments offset by staff savings	269	302
Directorate	Legal costs underspend	(230)	0
Other	Other minor variances <£100k	(108)	511
Total Forecast Variance – PLACE DEPARTMENT		(2,500)	0

GATWAY, STRATEGY & ENGAGEMENT DEPARTMENT

Division	Explanation of variance	Qtr 3 Amount £'000	Qtr 2 Amount £'000
Gateway Services:			
	No Recourse to Public Funds (NRPF) care and support. Anticipated reduction in caseloads and delay in staff recruitment. The team no longer have the support of an embedded Home Office worker.	(501)	(508)
	Staffing vacancies	(261)	(227)
	Non-delivery of savings relating to Children and Adult Social Care	1,992	2,008
Housing Assessment and Solutions			
	CroyLease - Primarily costs of repairs at end of lease	226	213
	Emergency Accommodation - numbers expected to fall to result in an underspend on nightly paid accommodation	(413)	(200)
	Guaranteed Rent Scheme - Overall underspend as costs are covered by grant income and recharge to Children's Services for care leaver costs	(195)	(275)
	Private Licencing Agreement scheme - based on 503 units with an additional 7 units per month	418	244
	Extended TA scheme (ETA) under recovery of income due to the property acquisitions forecast to transfer to Croydon Affordable Tenures (CAT)	564	413
	Other Minor variances < £100k	(866)	(1,348)
Total Forecast Variance – GATEWAY, STRATEGY AND ENGAGEMENT DEPARTMENT		964	224

RESOURCES DEPARTMENT

Division	Explanation of variance	Qtr 3 Amount £'000	Qtr 2 Amount £'000
Commissioning & Procurement	Underspends on staffing	(134)	0
	Other variances < £100k	(500)	0
Facilities Management and Support Services	Unachievable income target in relation to scanning income, plus utility cost pressures	196	380
	Shortfall in rental income offset by Business rate refunds	(480)	(322)
	Expenditure with the revenue budget that can be capitalised	(900)	0
	Other Minor Variances < £100k	(9)	46
Croydon Digital Services	Additional recharging to other funds	(1,751)	
Finance, Investment and Risk	Shortfall identified in relation to bailiff fee income, court fee income and unachievable savings on former tenant arrears collection offset by staffing savings	0	100
	Over-spend on Coroners service due to high costs cases	150	0
	Insurance premiums and costs	91	(260)
	Treasury & Pensions - savings arising from vacancies	(9)	(115)
	Other Minor Variances < £100k	(204)	(71)
Law and Governance	Electoral Services – additional costs relating to recent elections	335	375
	Other Minor Variances < £100k	(346)	4
Human Resources	Underspend on staffing costs as a result of project funded work, and savings arising from the My Resources project.	(359)	(344)
	Other Minor Variances < £100k	(447)	28
Strategy & Partnerships	Other Minor Variances < £100k	(250)	0
Resources Directorate	Internal legal charges relating to the Resources department	144	144
	Other Minor Variances < £100k	24	35
Total Forecast Variance - RESOURCES		(4,449)	0

CORPORATE ITEMS

Division	Explanation of variance		Qtr 2 Amount £'000
Corporate Items	Use of contingency budget	(2,000)	(2,000)
	Net interest earned	(4,100)	(1,724)
	Agency Staff Savings – now in departmental position	0	(1,000)
	Transformation funding	(2,000)	(2,000)
	Allocate S106 and CIL Funding	(1,000)	(1,000)
	Capitalisation	(2,000)	(2,000)
	Other Minor Variances < £100k each	471	1,121
	Total Forecast Variance – Corporate	(10,629)	(8,603)
	Total Overspend before Exceptional Items	(5,848)	1,857

EXCEPTIONAL ITEMS

Division	Explanation of variance	Qtr. 3 Amount £'000	Qtr. 2 Amount £'000
	Unaccompanied Asylum Seekers costs greater than grant funding	7,566	7,897
	No Recourse to Public Funds costs for UASC	653	653
	Total Forecast Variance – Exceptional	8,219	8,550
	Total Overspend after Exceptional Items	2,371	10,407

This page is intentionally left blank

2019/20 Q3 Capital Outturn Forecast

Category	2019/20 Original Budget	2018/19 Carry forward	July Review Adjusts	Q1&2 In Year Budget Adjusts	Q3 In Year Budget Adjusts	2019/20 Revised Budget	2019/20 Q3 Actual	2019/20 Outturn Forecast	Forecast Variance
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Health, Wellbeing and Adults									
Adults ICT	0	334	0	0	0	334	17	334	0
Sheltered Housing	0	0	0	1,500	0	1,500	0	1,500	0
Health, Wellbeing and Adults Sub Total	0	334	0	1,500	0	1,834	17	1,834	0
Children, Families and Education									
Education - Fixed term expansion	900	1,380	0	(1,680)	(300)	300	63	300	0
Education - Major Maintenance and Fire Safety	3,000	2,644	0	(1,009)	0	4,635	1,248	3,753	(882)
Education - Miscellaneous	4,935	1,059	0	(2,228)	2,579	6,345	498	6,345	0
Education - Permanent Expansion	719	3,625	0	1,005	(3,593)	1,756	585	1,756	0
Education - Special Educational Needs	24,534	3,167	0	(8,360)	(1,792)	17,549	10,812	17,549	0
Education - SEN Centre of Excellence	1,550	1,750	0	(1,550)	(445)	1,305	0	1,305	0
Early Help Centre	0	0	0	350	0	350	79	94	(256)
Onside Youth Zone	0	397	0	0	0	397	34	34	(395)
Children, Families and Education Sub-Total	35,638	14,022	0	(13,672)	(3,551)	32,637	13,319	31,136	(1,501)
Place									
Allotments	341	12	0	0	0	353	15	353	0
Blackhorse Lane Bridge	0	2,824	0	0	0	2,824	1,815	1,815	(1,009)
Brick by Brick programme	30,000	14,419	0	0	0	44,419	17,661	41,750	(2,669)
Community Ward Budgets	576	696	0	0	0	1,272	249	770	(502)
CALAT	0	0	660	0	0	660	2	150	(510)

Appendix 2

Devolution initiatives	912	782	0	0	0	1,694	0	0	(1,694)
Empty Homes Grants	1,000	409	0	0	0	1,409	170	700	(709)
Fairfield Halls - Council	0	226	0	0	0	226	2,185	2,185	1,959
Feasibility Fund	330	218	0	0	0	548	106	548	0
Fieldway Cluster	1,413	3,298	1,168	0	0	5,879	625	3,589	(2,290)
Fiveways Junction	3,000	0	0	0	0	3,000	0	0	(3,000)
Growth Zone	8,000	1,782	0	0	0	9,782	1,924	5,000	(4,782)
Highways	5,000	0	0	0	0	5,000	2,800	5,000	0
Highways - flood water management	414	249	0	0	0	663	407	913	250
Highways - bridges and highways structures	223	200	0	0	0	423	213	423	0
Highways - Tree works	179	34	0	0	0	213	110	213	0
Measures to mitigate travellers in parks and open spaces	0	73	0	0	0	73	0	20	(53)
Leisure centres equipment upgrade	1,004	1,521	0	0	0	2,525	869	992	(1,533)
Libraries investment - general	2,000	162	0	0	0	2,162	1,327	2,968	806
Libraries investment - South Norwood library	0	539	0	14,730	0	539	17	39	(500)
New Addington Leisure Centre	5,796	334	0	0	0	20,860	17,912	20,860	0
New Addington wellbeing centre	0	162	0	0	0	162	133	162	0
New waste contract - vehicles	0	2,779	(2,779)	0	0	0	0	0	0
P&D Machine Replacement Programme	0	20	(20)	0	0	0	0	0	0
Parking	153	0	20	0	0	173	56	71	(102)
Park Life	12,151	0	0	(250)	0	12,151	0	130	(12,021)
Play Equipment	985	0	0	0	0	735	0	65	(670)
Public Realm	0	49	0	0	0	49	0	0	(49)
Safety - digital upgrade of CCTV	500	458	0	(272)	0	958	220	245	(713)
Section 106 Schemes	0	2,119	0	0	2,344	4,191	535	813	(3,378)

Appendix 2

Signage	0	25	0	0	0	25	0	25	0
South Norwood regeneration	0	500	0	0	0	500	322	539	39
Surrey Street Market	0	92	0	0	0	92	0	0	(92)
Thornton Heath Public Realm	0	0	0	1,667	0	0	165	165	165
TFL LIP	2,462	0	0	0	0	4,129	2,278	4,129	0
Unsuitable Housing Fund	0	157	0	(626)	0	157	0	157	0
Walking and cycling strategy	750	271	0	0	0	395	195	486	91
Waste and Recycling Investment	0	0	2,779	0	0	2,779	1,865	2,160	(619)
Waste and Recycling - Don't Mess with Croydon	601	0	0	0	0	601	138	200	(401)
Place Sub-Total	77,790	34,410	1,828	15,249	2,344	131,621	54,234	97,635	(33,986)
Gateway, Strategy & Engagement									
Affordable Housing Programmes	7,273	25,017	0	0	0	32,290	8,497	24,497	(7,793)
Purchase of key worker housing	0	0	0	3,245	0	3,245	0	3,245	0
Bereavement Services	0	2,575	0	0	0	2,575	221	752	(1,823)
Disabled Facilities Grants	2,400	1,979	0	0	0	4,379	676	1,900	(2,479)
Gateway, Strategy & Engagement	9,673	29,571	0	3,245	0	42,489	9,997	31,032	(11,457)
Resources									
Asset strategy - Cavendish House	0	100	0	(100)	0	0	0	0	0
Asset strategy - Stubbs Mead	0	1,796	0	1,659	1,659	3,455	93	120	(3,335)
Asset strategy - BWH	0	100	0	(100)	0	0	0	0	0
Asset strategy - Capita Davis House relocation	0	100	0	(100)	0	0	0	0	0
Asset strategy - Heathfield House	0	160	0	(160)	0	0	0	0	0
Asset Strategy Programme	0	0	0	460	0	460	165	300	(160)
Asset Acquisition Fund	45,000	5,893	0	100,000	0	150,893	21,019	53,638	(97,255)
Corporate Property Programme	2,000	0	0	300	0	2,300	1,107	2,637	337

Appendix 2

Crossfield (relocation of CES)	0	2,365	454	0	0	2,819	2,691	3,016	197
Emergency Generator (Data Centre)	0	1,200	0	0		1,200	0	0	(1,200)
Finance and HR system	412	444	0	245	0	1,101	2,585	3,837	2,736
ICT Refresh & Transformation	5,500	0	0	0	0	5,500	1,143	5,410	(90)
People ICT system	6,927	2,106	0	0	0	9,033	881	5,000	(4,033)
Uniform ICT Upgrade	534	0	0	0	0	534	19	895	361
Resources Sub-Total	60,373	14,264	454	102,204	0	177,295	29,703	74,853	(102,442)
GENERAL FUND TOTAL	183,474	92,601	2,282	108,726	(1,207)	385,876	107,270	236,490	(149,386)
HOUSING REVENUE ACCOUNT									
Asset management ICT database	0	434	0	0	0	434	107	200	(234)
Fire safety programme	10,000	761	0	0	0	10,761	3,878	3,878	(6,883)
Larger Homes	1,500	62	0	0	0	1,562	21	300	(1,262)
Purchase of new build homes	0	0	0	6,750	0	6,750	0	6,750	0
Major Repairs and Improvements Programme	26,771	5,114	0	0	0	31,885	14,697	30,226	(1,659)
Special Transfer Payments	180	671	0	0	0	851	276	851	0
HOUSING REVENUE ACCOUNT TOTAL	38,451	7,042	0	6,750	0	52,243	18,979	42,205	(10,038)
LBC CAPITAL PROGRAMME TOTAL	221,925	99,643	2,282	115,476	(1,207)	438,119	126,249	276,861	(159,424)

REPORT TO:	CABINET 24 February 2020
SUBJECT:	Treasury Management Strategy Statement, Capital Strategy, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2020/2021
LEAD OFFICER:	Jacqueline Harris Baker Executive Director, Resources & Monitoring Officer Lisa Taylor Director of Finance, Investment and Risk (S151 Officer)
CABINET MEMBER:	Councillor Simon Hall, Cabinet Member for Finance and Resources
WARDS:	All
<p>CORPORATE PRIORITY/POLICY CONTEXT/AMBITIONS FOR CROYDON:</p> <p>The prime function of the treasury management operation is to ensure that cash flow is adequately managed, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite where providing adequate liquidity is prioritised over investment return.</p> <p>The second main function of the treasury management service is the financing of the Council's capital plans. These plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.</p> <p>The contribution the treasury management function makes to the achievement of the Council's objectives is critical, as the balance of debt and investment operations ensures liquidity or the ability to meet spending commitments as they fall due, either as day-to-day revenue spend or for larger capital projects. The treasury operation carefully assesses the balance of the interest costs of debt and the investment income arising from cash deposits and this impacts directly on the Council's finances. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance Sheet.</p> <p>Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (and are treated as capital expenditure); they are separate and distinct from the day to day treasury management activities.</p> <p>Revised reporting on Treasury Management has been required since the 2019/2020 reporting cycle due to revisions of the Ministry of Housing Communities and Local Government (MHCLG) Investment Guidance, the MHCLG Minimum Revenue Provision (MRP) Guidance, the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code and the CIPFA Treasury Management Code. This report is written in accordance with these requirements.</p>	

FINANCIAL IMPACT:

This report sets out the Council's Treasury Management objectives, which are to manage the Council's cash flows, borrowing and investments whilst minimising the level of risk exposure; maximising investment yield returns within those risk parameters; and ensuring that capital expenditure and financing plans are prudent, affordable and sustainable. The report details the activities that will be undertaken by the Council in the financial year 2020/2021 and the capital borrowing needs of the Council for 2020/2021:

	<u>£m</u>	<u>Total £m</u>
1. In Year Borrowing Requirement (Net)		
270.253		
2. Total Interest Payable on Debt		
- chargeable to Housing Revenue Account (HRA)	12	
- chargeable to General Fund (GF)	<u>31</u>	
		43

In addition the report details the investment activities and the estimated level of income earned.

Investment Income net of interest apportioned to Non-General Fund accounts e.g. HRA and other cash balances:- (0.525m)

FORWARD PLAN KEY DECISION REFERENCE NO.:

This is not an executive key decision – this is reserved to the full Council for decision as part of the budget and policy framework.

1. RECOMMENDATIONS

The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below.

The Cabinet is asked to recommend to Full Council that it approve:

- 1.1. The Treasury Management Strategy Statement 2020/2021 as set out in this report including the recommendations:
 - 1.1.1. That the Council takes up borrowing requirements as set out in paragraph 4.5.
 - 1.1.2. That for the reasons detailed in paragraph 4.14, opportunities for debt rescheduling are reviewed throughout the year by the Director of Finance, Investment and Risk (S151 Officer) and that she be given delegated authority, in consultation with the Cabinet Member for Finance and Resources and in conjunction with the Council's independent treasury advisers, to undertake such rescheduling only if revenue savings or additional cost avoidance can be achieved at minimal risk in line with organisational considerations and with regard to the Housing Revenue Account (HRA) as set out in the Council's Medium Term Financial Strategy 2019/2023.

1.1.3. That delegated authority be given to the Director of Finance, Investment and Risk (S151 Officer), in consultation with the Cabinet Member for Finance and Resources, to make any necessary decisions to protect the Council's financial position in light of market changes or investment risk exposure.

1.2. That the Council adopts the Annual Investment Strategy as set out in sections 4.16 and 4.17 of this report.

1.3. That the Authorised Limit (required by Section 3 of the Local Government Act 2003) as set out in paragraph 4.10 and as detailed in **Appendix C** be as follows:

2020/2021	2021/2022	2022/2023
£1,840.757m	£2,038.506m	£2,085.274m

1.4. That the Council approve the Prudential Indicators as set out in **Appendix C** of this report.

1.5. The Annual Minimum Revenue Provision Policy Statement (required by the Local Authorities (Capital Financing and Accounting) (England) (Amendment) Regulations 2008SI 2008/414) as set out in **Appendix D** of this report.

1.6. That the Council's authorised counterparty lending list as at 31st December 2019 as set out in **Appendix E** of this report and the rating criteria set for inclusion onto this list be approved.

1.7. That the Council adopts the Capital Strategy Statement set out below in section 3.

2. EXECUTIVE SUMMARY

2.1. Under regulations made pursuant to the Local Government Act 2003 the Council is required to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities, 2017, (the Prudential Code), to ensure that the Council's capital investment plans are affordable, prudent and sustainable. In particular, the Prudential Code requires the Council to set a number of Prudential Indicators for the next three financial years. This report, which incorporates these indicators, also details the expected treasury activities for the year 2020/2021, set in the context of the longer term planning forecasts for the Council. The implications of these key indicators function as the overriding control and guidance mechanism for the future capital programme and the revenue consequences that arise for the Council in future financial years.

2.2. The revised CIPFA Prudential and Treasury Management Codes (the Codes) require that all local authorities must prepare a Capital Strategy Statement, which provides the following:

- a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- an overview of how the associated risk is managed; and
- the implications for future financial sustainability.

3. CAPITAL STRATEGY STATEMENT

Introduction

The framework established by the Codes supports local strategic planning, local asset management planning and proper option appraisal.

The objectives of the Codes are to ensure that the capital expenditure plans of local authorities are affordable, prudent and sustainable and that treasury management decisions are taken in accordance with good professional practice and in full understanding of the risks involved.

The Codes require authorities to look at capital expenditure and investment plans in the light of overall organisational strategy and resources and ensure that decisions are made with sufficient regard to the long term financing implications and potential risks to the authority.

The Codes set out that in order to demonstrate that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability, authorities should have in place a capital strategy. The capital strategy should set out the long term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.

Purpose and aims of this Capital Strategy

- 3.1 This capital strategy sets out how capital investment supports the delivery of the Council's objectives. It describes the main objectives for the Council over a four-year horizon. These objectives form the Council's Corporate Plan and have been grouped into 9 themes, as follows:

People live long, healthy, happy and independent lives – infrastructure to support those in need and to prevent issues from becoming problems. Includes high quality health and care provision;

Our children and young people thrive and reach their full potential – sharing resources, expertise and intelligence to better safeguard children and to improve their outcomes;

Good, decent homes, affordable to all – equal and fair access to housing, providing support in accordance with need;

Everyone feels safer in their street, neighbourhood and home – to ensure that people from all Croydon communities feel safe;

A cleaner and more sustainable environment – clean, accessible streets are important to the wellbeing and success of the local economy;

Everybody has the opportunity to work and build their career – inward investment brings opportunities for residents of the Borough;

Business moves here and invests, our existing businesses grow – an expanding technology sector and a large number of start-up businesses should benefit all residents;

An excellent transport network that is safe, reliable and accessible to all – to invest further in the road, rail and tram networks, with an emphasis on better, sustainable transport; and

We value the arts, culture, sports and activities. – this is integral to a healthy, vibrant borough and are important drivers for the economy.

Delivery of these objectives

- 3.2 This Capital Strategy has been drafted to support the delivery of the Council's core objectives that sit within each of these nine themes.
- 3.3 The Council employs a number of different delivery strategies and these are described below. This document describes the funding streams available to the Council and used in the delivery of these objectives.
- 3.4 The component elements that comprise the capital programme are drawn from specific, detailed strategy documents, including, but not limited to the Asset Investment Strategy, the Education Estates Strategy and Brick by Brick's Business Plan.
- 3.5 These are described in more detail below, including a description of the process whereby schemes are prioritised to ensure best fit to these corporate priorities as capital projects. Taken together these schemes make up the Council's capital investment programme.
- 3.6 The next section considers the resources available to the Council to deliver this capital programme.

Resources

- 3.7 The Council can call upon a range of resources to deliver its capital programme.

These resources include:

- Borrowing;
- Capital receipts;
- Grant funding;
- Planning obligations; and
- Revenue.

There are also resources relating to the Housing Revenue Account which fall outside the scope of this Strategy.

- 3.7.1 **Borrowing.** The level of debt incurred by the Council is governed by the indicators set by the Code. The Code provides a framework to enable the Council to assess the affordability, sustainability and prudence of the level of borrowing. These links to the Code are detailed further below. Sources of debt include the Public Works Loans Board, (PWLB), commercial debt from banks and financial institutions, (this includes legacy so-called Lender Option Borrower Option loans, or LOBOs), the London Energy Efficiency Fund and the European Investment Bank.

The Council's Medium Term Financial Strategy (MTFS) states that borrowing should be undertaken for specific schemes and is prioritised where it can have a net positive impact on the revenue budget and there is a clear repayment plan for the principal sum. Within this Capital Strategy borrowing can be split into four elements:

1. RIF – normally for housing and on lent at a commercial rate where debt is repaid on completion of the project.
2. Growth Zone – debt is repaid from future business rates growth.
3. Asset Investment Strategy – Borrowing decisions made in line with the agreed strategy and where the asset generates a positive net return. Debt would be repaid in future from asset value.
4. General – Any other priority capital schemes that cannot be funded from external sources.

Allowance needs to be made in the revenue budget for repayment of capital and payment of interest. The policy regarding the repayment of principal sums through the Minimum Revenue Provision, (MRP), is discussed below in section 4.6.

- 3.7.2 **Capital Receipts** are generated by the sale of an asset. Disposals of surplus assets in the property portfolio, typically generated by a rationalising of the estate, represent an important source of funding. Capital receipts can only be applied to fund capital investment, with the exception of the use of capital receipts to fund transformation expenditure, according to the principles set out in the Ministry of Housing Communities and Local Government (MHCLG)'s Flexible Use of Capital Receipts guidance of March 2016.
- 3.7.3 **Grant funding** covers a range of funding sources. These might include grants from the Education and Skills Funding Agency; Education Basic Needs grants; Transport for London, NHS, and the Community Infrastructure Levy. Typically grants are specific and often have conditions associated with them which define the purposes for which they should be applied.
- 3.7.4 **Planning obligations**, Planning obligations under Section 106 of the Town and Country Planning Act 1990 (as amended), commonly known as s106 agreements, are a mechanism which makes a development proposal acceptable in planning terms, that would not otherwise be so. Typically they are negotiated as part of planning gain agreements. They are focused on site specific mitigation of the impact of development. S106 agreements are often referred to as 'developer contributions' along with highway contributions and the Community Infrastructure Levy, as mentioned above. They were introduced to allow local authorities to recover costs associated with private developments. These range from additional school places through to transport links.
- 3.7.5 **Revenue funding** can be applied but is rarely used to support capital investment.
- 3.8 Croydon has been innovative in using different approaches for delivering capital investment. These are described in more detail here.

The Revolving Investment Fund

- 3.8.1 The Revolving Investment Fund (RIF) will, over the life of this strategy, comprise £272.2m and will be established through borrowing. Loans will be acquired at rates comparable to the mark up on gilts applied by the Government's Debt Management Office. The RIF will lend at commercial rates thus generating a margin. The net returns estimated over the cost of debt will be credited to the Council. The debts will be repaid on completion of each individual project.

The RIF also acts as a funder to the Council's Housing Development Company Brick by Brick, enabling the development of homes in the Borough.

Brick by Brick

- 3.8.2 The Borough has established a development company, Brick by Brick Croydon Limited, to bring forward housing led development in a way which realises the development potential of sites throughout the Borough and maximises the benefit from development to local residents. Although the Council is the sole shareholder, the Board of the Company operates independently from the Council on a commercial basis.

As discussed above, Brick by Brick is funded by a RIF funded by debt incurred by the Council.

The key implication for the Council from the lending arrangement to Brick by Brick is that the estimated net funding requirement is driven by the Company's cash flow projections. Brick by Brick will draw down from the Council through a combination of borrowing and equity investment (on a 75:25 split) to fund its planned development programme.

Housing LLPs

- 3.8.3 The Council has also set up Housing LLPs to increase the provision of affordable homes in the Borough. To enable the increase of the provision of affordable housing in the Borough, the Council, via wholly owned entities, has entered into three separate limited liability partnerships (LLPs) with a local charity to develop units across the Borough and acquire street properties as affordable rented homes.

Croydon will retain a long term interest in the properties via the freehold of the sites or properties and receive an income stream to the General Fund from each LLP. The impact on the General Fund, once all properties are fully available, is an ongoing benefit of £1.4m. Additionally, there will be capital gains on the previously purchased units and, through arms lengths agreements with the LLPs, a contribution to the Council's fixed costs.

Growth Zone

- 3.8.4 The Growth Zone is a significant element of the capital programme. The driver for this component of the strategy is that future business rates increases received from the Zone are ring fenced outside of this Strategy for investment within the Zone. The growth in business rates from the Zone is ring-fenced separately from within the Council's Collection Fund, and will be used to repay debt.

The Growth Zone strategy enables the Council to bid to access Public Works Loan Board Infrastructure rate borrowing at preferential rates.

Service and commercial investment strategy

- 3.9 An Asset Acquisition Fund of £100m will enable investment in property to generate an income for the Council. The Council has an aspiration to secure medium to long term revenue returns from sound property investment principally within the Borough. The revenue returns from these investments should be consistent and less prone to fluctuation than other investments due to the protection within the lease agreements. These returns will be key to future revenue income and enable expenditure on services. The Council will be looking at the opportunity that property investment offers to help generate a secure revenue stream over the medium- to

long-term. However, less secure assets that offer future revenue potential with higher returns that also unlock the development of strategic sites will also be considered. These may typically be part vacant properties in district centres requiring some degree of refurbishment or additional development to secure their full letting potential. Each opportunity will be assessed against a matrix. The matrix will have scoring against each of the key elements and facilitate categorisation into Excellent, Fair, Good and Marginal investments.

Context – the strategy hierarchy

- 3.10 The capital programme comprises the capital schemes that contribute towards meeting the objectives described above. They are described in detail in the Asset Investment Strategy, Education Estates Strategy, the Brick by Brick business plan and other strategies and plans.
- 3.11 The revenue impact of long-term borrowing is set out in the MRP Policy (attached as Appendix D and covered in section 4.6) and the Treasury Management Strategy (discussed in paragraphs 4.7 to 4.15).
- 3.12 The MRP deals with different categories of assets in different ways, setting out how debt principal is repaid from contributions from revenue. The Treasury Management Strategy considers, amongst a number of issues, projections as to the cost of debt and issues around long-term affordability and sustainability.
- 3.13 Alongside and informing this Strategy is the Medium Term Financial Strategy (MTFS).
- 3.14 Capital projects are assessed and prioritised according to their fit within the strategic context described above. The Council will invest in programmes and projects in line with statutory and core functions with priority for funding being given to those schemes along with invest to save projects. The return on investment helps to prioritise some schemes. The MTFS assumes continuing maximum use of planning gain from the Community Infrastructure Levy and S.106 planning obligations where possible to reduce borrowing requirements.

Risk appetite and governance processes for managing that risk

- 3.15 The MTFS is explicit in setting out the Council's appetite for risk. In summary, the Council recognises that good financial management is key to delivering effective services and maintaining financial sustainability and control and needs to be embedded in everything it does. Demand for services is increasing and that requires that they may need to be delivered in a different way if they are to be effective and affordable. The MTFS sets out the key strategic priorities for how the Council will manage the medium term budget position. It is important to make well informed decisions on the basis of accurate financial and operational information. It is also important to recognise that the Council will need to take considered risks to deliver its objectives.

Capacity to deliver

- 3.16 As described above in the section on context, there is a great deal of activity, current and planned, in the Borough. Capacity to deliver, in terms of internal officer resources, must be a consideration. Equally, scarce resources, in terms of skills, businesses, trades, plant, machinery and so forth is in demand.

Indicators

- 3.17 Good practice suggests that the Council reviews this Strategy annually to ensure it continues to reflect the needs and priorities of residents.
- 3.18 Prudential Indicators are set at the same time as the budget and reviewed mid-year and at the year-end. These indicators are set out in Appendix C.
- 3.19 Capital Expenditure is monitored on a quarterly basis and reported to Cabinet. Cabinet reports consider spend to date, forecasts for the year and subsequent periods and any adjustments required to the agreed budget. This robust level of scrutiny ensures the most efficient use of capital resources to support corporate objectives.

4. TREASURY MANAGEMENT STRATEGY FOR 2020/2021

- 4.1 The Council defines its treasury management activities as:

“The management of the Council’s borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

- 4.2 The Council is required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of strategies and policies, and estimated and actual figures.

1. **The prudential and treasury indicators and treasury strategy (this report)**
- The first, and most important report covers:

- the capital plans (including prudential indicators);
- an MRP policy (how residual capital expenditure is charged to revenue over time);
- the treasury management strategy (how the investments and borrowings are to be arranged) including treasury indicators; and
- an investment strategy (the parameters for managing investments).

2. **A mid-year treasury management report** – To update members with the progress of the capital position, amend prudential indicators as necessary, and flag whether any policies require revision;

3. **An annual treasury report** – This is a backward looking review document and provides details of the prudential and treasury indicators and treasury operations. The indicators are calculated on the basis of published outturn figures compared to the estimates within the Strategy.

- 4.3 The Strategy for 2020/2021 covers these three main areas:

Capital issues

- Capital plans and borrowing need and associated prudential indicators (paragraphs 4.4 and 4.5);
- MRP policy (paragraph 4.6).

Treasury management issues

- Policy on use of external service providers (paragraph 4.7);
- Current treasury position (paragraph 4.8);
- Borrowing strategy and borrowing requirement (paragraph 4.9);
- Treasury indicators which limit the treasury risk and activities of the Council (paragraph 4.10);
- Interest rate exposure and prospects for interest rates (paragraph 4.11) ;
- Borrowing strategy (paragraph 4.12);
- Policy on borrowing in advance of need (paragraph 4.13);
- Debt rescheduling and repayment (paragraph 4.14);
- Sources of finance (paragraph 4.15);

Annual Investment Strategy

- Investment policy (paragraph 4.16);
- Annual Investment Strategy (paragraph 4.17);
- Prudential Indicators (paragraph 4.18).

CAPITAL ISSUES

4.4 Capital Expenditure and borrowing need

4.4.1 The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

Capital expenditure

4.4.2 The Council has an extensive capital programme which includes funding for:

- a Revolving Investment Fund (RIF), set up to fulfil the Council's Growth Promise and initially be focused on the delivery of development and regeneration on Council land;
- a development company focused on regeneration in the Borough, primarily in respect of residential properties; and
- a Growth Zone, which invests in priority infrastructure to help deliver sustainable economic growth.

4.4.3 During the year 2018/2019 an Asset Acquisition Fund was also set up to enable investment in commercial property in order to generate a return to help fund services. The RIF, Growth Zone, Asset Acquisition Fund and development company are expected to create their own revenue streams in order to repay the debt taken out to finance the expenditure. The expenditure for these areas is shown in the commercial activities and non-financial investments line in Table 1.

4.4.4 Members are asked to note the capital expenditure estimates summarised in the table below:

Table 1: Capital Expenditure

	2019/2020 Forecast £m	2020/2021 Estimate £m	2021/2022 Estimate £m	2022/2023 Estimate £m
General Fund services	136.102	111.036	65.990	28.544
Commercial activities and non-financial investments	100.388	190.510	143.700	32.000
HRA services	42.205	35.701	39.951	26.951
TOTAL	278.695	337.247	249.641	87.495

- 4.4.5 This financing need excludes other long term liabilities, such as PFI and leasing arrangements which already include borrowing instruments.
- 4.4.6 The Council's financing need is funded from various capital and revenue resources plus borrowing as summarised below:

Table 2: Resources

	2019/2020 Forecast £m	2020/2021 Estimate £m	2021/2022 Estimate £m	2022/2023 Estimate £m
Capital receipts	73.783	-	-	-
Capital grants	36.501	32.338	24.941	13.776
HRA Capital reserves	-	3.295	4.000	4.000
S106 payments	1.091	-	-	-
Revenue	11.634	11.150	1.742	1.742
Major Repairs Allowance	-	12.506	21.209	21.209
Borrowing	155.686	277.958	197.749	46.768
TOTAL	278.695	337.247	249.641	87.495

4.5 **The Council's borrowing need (Capital Financing Requirement)**

- 4.5.1 The Council's Capital Financing Requirement (CFR) is the total of historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure, which has not immediately been paid for, will increase the CFR. The CFR does not increase indefinitely, as the MRP is a statutory annual revenue charge which reduces the borrowing need in line with each asset's life. The CFR includes any other long term liabilities such as PFI schemes and finance leases. Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to borrow separately to deliver them. Development loans are long-term debtors and therefore do increase the Requirement.
- 4.5.2 The Council's estimated CFR is detailed in the table below:

Table 3: Estimated Capital Financing Requirement

	2019/2020 Forecast £m	2020/2021 Estimate £m	2021/2022 Estimate £m	2022/2023 Estimate £m
Capital expenditure	278.695	337.247	249.641	87.495
Less amount funded from resources	(123.009)	(55.994)	(47.892)	(36.727)
Gross In Year Borrowing Requirement (CFR)	155.686	281.253	201.749	50.768
Less In Year MRP for debt repayment.	10.000	11.000	12.000	12.000
In Year Borrowing Requirement (Net)	145.686	270.253	189.749	38.768
1. Loans repaid during year	258.814	269.000	110.000	36.500
2. Less loans taken up in-year	414.500			
3. Less reduction in investment balances (internal borrowing)				
In Year Borrowing Requirement outstanding	(10.000)	539.253	299.749	75.268

4.6 Minimum Revenue Provision (MRP)

- 4.6.1 MRP, which is often referred to as a provision for the repayment of debt, is a charge to revenue in relation to capital expenditure financed from borrowing or through credit arrangements.
- 4.6.2 Under Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, as amended, local authorities are required to charge MRP to their revenue account in each financial year. Before 2008, the 2003 Regulations contained details of the method that local authorities were required to use when calculating MRP. This has been replaced by the current Regulation 28 of the 2003 Regulations, which gives local authorities flexibility in how they calculate MRP, providing the calculation is 'prudent'. In calculating a prudent provision, local authorities are required to have regard to the statutory guidance issued by MHCLG. The latest version of the Guidance was issued on 2 February 2018 and is applicable for accounting periods starting on or after 1 April 2019.
- 4.6.3 The Guidance states that before the start of each financial year, the Council should prepare a statement of its policy on making MRP in respect of that financial year and submit it to full Council for approval.
- 4.6.4 Regulation 28 of the 2003 Regulations requires a local authority to calculate in each financial year an amount of MRP that it considers to be prudent. An underpinning principle of the local authority financial system is that all capital expenditure has to be financed either from capital receipts, capital grants (or other contributions) or, eventually, from revenue income. The broad aim of prudent provision is to require local authorities to put aside revenue over time to cover their Capital Funding

Requirement, (CFR). In doing so, local authorities should align the period over which they charge MRP to one that is commensurate with the period over which their capital expenditure provides benefits.

4.6.5 The Director of Finance, Investment and Risk (S151 Officer) is responsible for ensuring that accounting policies and the MRP Policy comply with the statutory Guidance in determining a prudent level of MRP.

4.6.6 The Treasury Annual Review for 2017/2018 was presented to the Council's General Purposes and Audit Committee on 10 October 2018 (Minute 24/17). At the meeting the Committee resolved that a revised MRP Statement be recommended for adoption at the next Council meeting to be held on 3 December 2018. The revised MRP Policy Statement for 2018/2019 was adopted by full Council on 3 December 2018 (Minute 47/18) and is attached at Appendix D. It was approved for 2019/2020 by full Council on 4 March 2019 (Minute 20/17) and is now recommended for adoption for 2020/2021.

TREASURY MANAGEMENT ISSUES

4.7 Treasury management advisors

4.7.1 The Council uses Link Asset Services, Treasury Solutions as its external treasury management advisors. The Council recognises that responsibility for treasury management decisions remains with itself at all times and will ensure that undue reliance is not placed upon external service providers. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review, reflecting sound governance practices.

4.7.2 The scope of investments within the Council's operations now includes both conventional treasury investments, (the placing of residual cash from the Council's functions), and more commercial type investments, such as investment properties. The Council appoints specialist advisers for commercial investments.

4.8 The Current Treasury Position

4.8.1 The Council's Treasury position as at 31st December 2019 comprised:

Table 4: Borrowing as at 31 December 2019

		Principal £m	Average Rate %
Fixed Rate Funding	- PWLB ¹	902.426	3.32
	- Local Authorities ²	407.000	1.04
	- Amber Green LEEF 2 LLP	8.575	1.68
	- European Investment Bank	102.000	2.20
Variable Rate Funding	- LOBO ³	20.000	4.20

Total External Debt as 31/12/2019	1,440.001	2.60
Debt repayment		
	10.000	
Estimated Debt as at 31/03/2020	1,430.001	2.60

1. PWLB is the Public Works Loan Board, the branch of Government that is the principle lender to local authorities. Included within this amount is the £223.1m borrowed for the HRA self-financing settlement made on 28/3/2012.
2. As an alternative to borrowing from the Government, local authorities have come to the market offering loans at competitive rates.
3. Lender's Option Borrower's Option (LOBOs) loans are commercial debts with options for the lender to vary the rate at pre-set intervals. If the option is exercised, then the Council can either accept the new rate or repay the loan with no penalty.

4.8.2 The Council's debt maturity profile is included in **Appendix A**.

Table 5: Temporary Investments as at 31 December 2019

	Principal £m	Average Rate %
Temporary investments outstanding as at 31/12/2019	96.700	0.75
Estimated temporary investments outstanding as at 31/03/2020	40.000	0.75

4.9 The Borrowing Strategy and Borrowing Requirement

- 4.9.1 The Council's capital expenditure plans are set out in Section 4.4 and referenced by the Capital Strategy Statement. The treasury management function ensures that the Council's cash is managed in accordance with the relevant professional codes, as issued by CIPFA and MHCLG, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.
- 4.9.2 The Council's treasury portfolio position at 31 March 2019 and forward projections are summarised below. The table shows the actual external debt against the CFR, highlighting any over or under borrowing.

Table 6: Borrowing and the Capital Financing Requirement

	2018/2019 Actual £m	2019/2020 Forecast £m	2020/2021 Estimate £m	2021/2022 Estimate £m	2022/2023 Estimate £m
Debt at 1 April	902.060	1,274.315	1,430.001	1,707.959	1,905.708
Expected change in debt	372.255	155.686	277.958	197.749	46.768
Other long term liabilities	82.798	82.798	82.798	82.798	82.798
Actual gross debt at 31 March	1,357.113	1,512.799	1,790.757	1,988.506	2,035.274
CFR	1,383.517	1,529.203	1,799.456	1,989.205	2,027.973
Under/ (over) borrowing	26.404	16.404	8.699	0.699	(7.301)

Note: this calculation does not allow for the impact of internal borrowing which has the effect of reducing real borrowing (see Table 3, above).

4.9.3 Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2020/2021 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

4.9.4 The Director of Finance, Investment and Risk (S151 Officer) reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

4.10 Treasury Indicators: limits to borrowing activity

4.10.1 Section 3 of the Local Government Act 2003 requires the Council to set limits and to keep under review how much it can afford to borrow. The amounts so determined are to be set on a rolling basis, for the forthcoming financial year and two successive financial years, a period of three years in total from 2020/2021 to 2022/2023 and are termed:

4.10.2 **Operational boundary for external debt.** This is the limit which external debt is not normally expected to exceed. It reflects the Council's expectations according to probable events.

Table 7: Operational boundary

	2019/2020 Forecast* £m	2020/2021 Estimate £m	2021/2022 Estimate £m	2022/2023 Estimate £m
Debt	1,572.502	1,707.959	1,905.708	1,952.476
Other long term liabilities	82.798	82.798	82.798	82.798
TOTAL	1,655.300	1,790.757	1,988.506	2,035.274

*As agreed by Cabinet on 19 September 2019.

4.10.3 **Authorised limit for external debt.** Another key prudential indicator providing a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which could be afforded in the short term, but is not sustainable in the longer term.

4.10.4 The Council is asked to approve the following authorised limit:

Table 8: Authorised limit

	2019/2020 Forecast* £m	2020/2021 Estimate £m	2021/2022 Estimate £m	2022/2023 Estimate £m
Debt	1,622.502	1,757.959	1,955.708	2,002.476
Other long term liabilities	82.798	82.798	82.798	82.798
TOTAL	1,705.300	1,840.757	2,038.506	2,085.274

*As agreed by Cabinet on 19 September 2019

4.11 Interest Rate Exposure and Prospects for Interest Rates

4.11.1 The Council manages its exposure to interest rate risk by borrowing the majority of its funding requirements at fixed rates over a range of durations. This limits the impact on the Council's ability to cover interest costs when interest rates are rising. The Council is also looking into securing borrowing using forward agreements to limit exposure to future increases in interest over the short term. The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives their current view.

Table 9: Interest Rate Forecast December 2019 to March 2023

Link Asset Services Interest Rate View														
	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.25	1.25	1.25	1.25
3 Month LIBID	0.70	0.70	0.70	0.80	0.90	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.30	1.30
6 Month LIBID	0.80	0.80	0.80	0.90	1.00	1.10	1.10	1.20	1.30	1.40	1.50	1.50	1.50	1.50
12 Month LIBID	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.40	1.50	1.60	1.70	1.70	1.70	1.70
5yr PWLB Rate	2.30	2.40	2.40	2.50	2.50	2.60	2.70	2.80	2.90	2.90	3.00	3.10	3.20	3.20
10yr PWLB Rate	2.60	2.70	2.70	2.70	2.80	2.90	3.00	3.10	3.20	3.20	3.30	3.30	3.40	3.50
25yr PWLB Rate	3.20	3.30	3.40	3.40	3.50	3.60	3.70	3.70	3.80	3.90	4.00	4.00	4.10	4.10
50yr PWLB Rate	3.10	3.20	3.30	3.30	3.40	3.50	3.60	3.60	3.70	3.80	3.90	3.90	4.00	4.00

4.11.2 Commentary on these interest rate forecasts has been provided by Link Asset Services in **Appendix E**.

4.12 Borrowing strategy

4.12.1 The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (CFR) has not been fully funded with borrowing as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent when investment returns are low but counterparty risk, such as a bank failing or borrower defaulting, is still an issue that needs to be considered. Against this background and the risks within economic forecasts officers will be cautious when undertaking 2020/2021 treasury operations. The Director of Finance, Investment and Risk (S151 Officer) will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- if it was felt that there was a significant risk of a sharp fall in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.
- if it was felt that there was a significant risk of a much sharper rise in long and short term rates than that currently forecast, perhaps arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

4.12.2 Any decisions will be reported to Cabinet at the next available opportunity.

4.13 Policy on borrowing in advance of need

4.13.1 The Council will not borrow more than, or in advance of, its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved CFR estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

4.14 Debt rescheduling and repayment

4.14.1 As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long-term debt to short-term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

4.14.2 The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

4.14.3 Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely

as short term rates on investments are likely to be lower than rates paid on current debt. The forecasts under-pinning this strategy assume that cash balances will be used to repay maturing debt, at least for the short-term, i.e. the next three-year period.

4.14.4 All rescheduling will be reported to Cabinet, at the earliest meeting following its action.

4.15 Sources of finance

4.15.1 The Council's main source of finance has traditionally been borrowing from the Public Works Loan Board (PWLB) where funds can be borrowed for up to 50 years at both fixed and variable rates. The Council has qualified for borrowing from the PWLB at the 'certainty rate' which is the prevailing PWLB interest rate on the date of borrowing less a discount of 0.20%. This discounted rate applies for funding of capital schemes through prudential borrowing and for the refinancing of maturing long term debt.

4.15.2 However, on 9 October 2019 PWLB decided to increase their margin over gilt yields by 1% to 1.8% on loans to local authorities. As a broad indication of the effect of this change overnight the move increased the rate for a PWLB 50-year new maturity loan from 1.81% to 2.82%. Whilst rates still remain low and the certainty rate will continue to be used as a benchmark it is clearly even more important that the Council continues to attempt to source cheaper alternatives to the PWLB. The Council currently uses other UK local authorities willing to offer loans up to 5 years and the European Investment Bank, both of which provide financing below the PWLB certainty rate. The Council has also found and will make use of commercial lenders willing to lend at competitive rates and continues to look at options such as local authority bonds and the Municipal Bond Agency. In order to reduce the risk that loans will mature when interest rates are peaking, debt is taken on in tranches that mature over a spread of years. New loans will be taken to fit into gaps in the Authority's existing debt maturity profile.

4.15.3 In the Autumn Budget 2017, the government announced that it would make available £1bn of lending at the Local Infrastructure Rate of gilts + 60bps to English local authorities. Following the announcement local authorities were asked to apply to HM Treasury to access funds at this reduced borrowing rate. Two bidding rounds were introduced running from 1 May 2018 to 31 July 2018 and 1 January 2019 to 31 March 2019. Up to £500m was made available in each bidding round, with a maximum of £100m available for any one local authority. The Council successfully submitted a bid and was granted access to borrowing of £43m for specific Growth Zone projects.

4.15.4 Long-term borrowing to support Borough regeneration will service the borrowing requirements of the Council's arms-length development company, Brick by Brick. Onwards lending will be at a margin to the cost of borrowing and interest payments together with repayment of principal will prime additional investment. Investment in the Borough's Growth Zone should generate additional business rates that can be applied to service debt funding.

ANNUAL INVESTMENT STRATEGY

4.16 Investment policy

- 4.16.1 The Council's investment policy has regard to the Ministry of Housing, Communities and Local Government (MHCLG) Guidance on Local Government Investments, the CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 (Treasury Management Code) and the CIPFA Treasury Management Guidance Notes 2018. Whilst MHCLG and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments this section of the report deals solely with financial investments as managed by the treasury management team. Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy.
- 4.16.2 The Council's investment priorities will be security first, liquidity second, then return. In accordance with the above guidance from the MHCLG and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk.
- 4.16.3 The key ratings used to monitor counterparties are the Short-Term and Long-Term ratings.

Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings. Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

- 4.16.4 Investment instruments identified for use in the financial year are summarised in paragraph 4.17 with further detail provided in **Appendix B** under the 'specified' and 'non-specified' investments categories. Specified investments are those with a high level of credit quality and subject to a maturity limit of one year whilst non-specified investments are of less high credit quality and may be used for periods in excess of one year.
- 4.16.5 The Council may wish, from time to time, to take advantage of financial derivative instruments in order to better manage risks, such as exposure to interest rate movements. Local authorities, including the Council, have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. Lender Option Borrower Option or LOBO loans). However, previous legislation was understood to prevent the use of such tools where they were not embedded in other instruments. The Localism Act 2011 includes a general power of competence that removes the uncertain legal position over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment). The latest CIPFA Treasury

Management Code requires local authorities to clearly detail their policy on the use of derivatives in their annual strategy.

- 4.16.6 The Council will only use financial derivatives (such as swaps, forwards, futures and options) either on a standalone, or embedded basis, where it can be clearly demonstrated that as part of the prudent management of the Council's financial affairs the use of financial derivatives will have the effect of reducing the level of financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. This will be determined in liaison with the Council's external advisors. Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit if applicable.
- 4.16.7 At all times the Council will comply with CIPFA advice and guidance on the use of financial derivatives and have regard to CIPFA publications on risk management.

4.17 Annual Investment Strategy

- 4.17.1 From time to time, under Section 15 (1) of the Local Government Act 2003 the Secretary of State issues statutory guidance on local government investments to which local authorities are required to "have regard."
- 4.17.2 The current guidance defines investments as "Specified" and "Non-specified".
- 4.17.3 An investment is a specified investment if all of the following apply:
- the investment and any associated payments or repayments are denominated in sterling;
 - the investment has a maximum maturity of one year;
 - the investment is not defined as capital expenditure; and
 - the investment is made with a body or in an investment scheme described as high quality or with the UK Government, a UK local authority or a parish or community council.
- 4.17.4 A non-specified investment is any investment that does not meet all the conditions in paragraph 4.17.3 above.
- 4.17.5 The Council's criteria for the selection of counterparties for investments are based on formal credit ratings issued by Fitch Ratings and supplemented by additional market data such as rating outlooks, the pricing of credit default swaps (CDs) and bank share prices. In addition to the Fitch rated institutions all UK local authorities and some public bodies comprise the Council's Approved Lending List.
- 4.17.6 Each week, the Council, along with other clients, receives from Link Asset Services, the Council's independent treasury advisors, a "Suggested Credit List." This is accompanied by a disclaimer reminding recipients, inter alia, as follows:

This document is intended for the use and assistance of customers of Link Asset Services. It should not be regarded as a substitute for the exercise by the recipient of its own judgement.

4.17.7 Notwithstanding this and other similar clauses Link are the largest suppliers of treasury management advisory services to UK local authorities and understand the market well. In their analysis they take into account the views of each of the three major credit ratings agencies along with the pricing of credit default swaps and market intelligence. They are better placed than Council officers to carry out this analysis and the Council has adopted the following lending list criteria:

Specified investments

AAA rated money market funds - limit £20m
Debt Management Office – no limit
Royal Bank of Scotland* – limit £25m
Duration of up to one year.

*Royal Bank of Scotland is included as a specified investment since it is the Council's banker and the UK Government holds a majority stake.

Non-specified investments

All institutions included on Link Asset Services' weekly "Suggested Credit List" – limit £10m
All UK local authorities – limit £10m
Duration to be determined by the "Suggested Credit List" from Link

4.17.8 As at 31st December 2019, short-term (1-3 months) investment interest rates were between 0.70% and 0.80% with longer term (up to 1 year) rates between 0.95% and 1.10%. Investments will be made to take advantage of higher yields and to hedge against future decreases in bank rates. Daily liquidity requirements will be met by investing in AAA-rated MMFs. As investment rates are influenced throughout the year by the release of key items of data, there may be occasions when some investments will be pitched towards specific periods to take advantage of any unexpected higher rates resulting from data issued.

4.17.9 Based on cashflow forecasts for 2020/2021 the Council anticipates its average daily cash balances for the year to be £70m which includes new borrowing of £270m due to be borrowed during the year. The overall balances include schools balances and HRA revenue balances for which an apportionment of interest earned is made. The net income then due to the General Fund is estimated at £0.525m.

4.18 Prudential Indicators

4.18.1 The Prudential Indicators for 2020/2021 to 2022/2023 are attached in Appendix C in accordance with the Code.

4.18.2 The Director of Finance, Investment and Risk (S151 Officer) is responsible for setting up and monitoring the Prudential Indicators in accordance with the Council's Capital Strategy.

4.18.3 The Council is also required to confirm that it has adopted the CIPFA Code of Practice on Treasury Management.

4.18.4 The Prudential Indicators set will be monitored throughout the year and will be reported to Cabinet on a regular basis.

4.18.5 The indicators break down into four blocks relating to capital expenditure; the affordability of the investment programme; debt; and treasury management as follows:

1. The capital investment indicators reflect the Council's future plans to undertake capital works, and the extent to which these will be funded through borrowing. (**See Appendix C**).
2. Apart from borrowing that is directly supported by government grant funding, the cost of new prudential borrowing to the Council will be £80 per Band D council taxpayer in 2019/2020. This Prudential Indicator reflects the impact of funding decisions relating to capital investment. The Code specifically indicates that it is not appropriate to compare this indicator with those of other authorities.
3. The external debt indicators illustrate the calculation of the authorised borrowing limit.
4. The treasury indicators show that the Council will limit its exposure to variable rate debt to no more than 20% of total debt and will only invest up to 30% of the total investments for periods in excess of one year, for reasons of limiting exposure to risk and guaranteeing adequate liquidity. The final indicator sets a profile for the maturing of new debt.

5 CONSULTATION

5.1 Full consultation in respect of the contents of this report has taken place with the Council's treasury management advisors Link Asset Services in preparing this report.

6 PRE-DECISION SCRUTINY

6.1 The Council's 2020/21 budget was considered at Scrutiny and Overview Committee on the 10th February 2020.

7 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

7.1 Revenue and Capital consequences of this report are dealt with within this report. There are no additional financial considerations other than those identified in this report.

The effect of the decision

7.2 Approval to this report will ensure that the Council meets both its legal and financial management requirements in respect of Treasury Management.

Risks

7.3 There are no further risks issues other than those already detailed in this report.

Options

7.4 These are fully dealt with in this report.

Future savings/efficiencies

- 7.5 This report sets out the Treasury Management Strategy and identifies that new loans and debt restructuring will only be undertaken on advice from our treasury management advisors.

Approved by: Lisa Taylor, Director of Finance, Investment and Risk (S151 Officer)

8 LEGAL CONSIDERATIONS

- 8.1 The Head of Litigation and Corporate Law comments on behalf of the Director of Law and Governance that the recommendations within this report are reserved matters for decision by Full Council. The legal implications are set out under the various sections within the report but in particular these include the requirement for the Council to produce a balanced budget of which the various strategies and limits detailed within this report form a part.
- 8.2 Furthermore, the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (as amended) made pursuant to the Local Government Act 2003 requires the Council to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities ("The Prudential Code"). Regulations 23 and 24 provide respectively that capital receipts may only be used for specified purposes and that in carrying out its capital finance functions, a local authority must have regard to the code of practice in "Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (2017 Edition)" ("The Treasury Code") issued by CIPFA.
- 8.3 In relation to the Annual investment strategy, the Council is required to have regard to the Guidance issued by the Secretary of State under section 15(1)(a) of the Local Government Act 2003 entitled "Statutory guidance on Local Government Investments 3rd Edition" which is applicable from and effective for financial years commencing on or after 1 April 2018.
- 8.4 In addition, two codes of practice issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) contain investment guidance which complements the Ministry of Housing Communities and Local Government (MHCLG) guidance. These publications are:
- Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes
 - The Prudential Code for Capital Finance in Local Authorities
- 8.5 Local authorities are required to have regard to the current editions of the CIPFA codes by regulations 2 and 24 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended.
- 8.6 The requirement for a Capital Strategy Statement stems from the provisions of the Prudential Code which was most recently updated in December 2017. The Prudential Code requires authorities to look at capital expenditure and investment plans in the light of overall organisational strategy and resources and ensure that decisions are made with sufficient regard to the long run financing implications and potential risks to the authority. The Prudential Code sets out that in order to demonstrate that the authority takes capital expenditure and investment decisions

in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability, authorities should have in place a capital strategy.

Approved by: Sandra Herbert, Head of Litigation and Corporate Law on behalf of the Director of Law and Governance & Deputy Monitoring Officer

9 HUMAN RESOURCES IMPACT

9.1 There are no immediate human resource implications as a consequence of this report.

Approved by: Sue Moorman, Director of Human Resources

10 EQUALITIES IMPACT

10.1 There are no specific equalities considerations arising from this report.

10.2 Consistent with the requirements of equal opportunities legislation including the Public Sector Equality Duty, the Council carries out an equality impact assessment on new policies, or existing policies which are the subject of major change.

10.3 The Council's Capital and Revenue Budget 2020/2021 is not subject to an equality impact assessment. However, in those areas where the setting of the capital and revenue budget result in changes to services or policies, then the relevant service department will carry out an equality impact assessment which evaluates the impact on any protected groups. The impact assessment includes both positive and negative impacts, and if required, the actions that will be taken to mitigate the impact.

Approved by: Gavin Handford, Director of Policy & Partnership

11 ENVIRONMENTAL IMPACT

11.1 There are no Environment and Design impacts arising from this report.

12 CRIME AND DISORDER REDUCTION IMPACT

12.1 There are no Crime and Disorder reduction impacts arising from this report.

13 REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

13.1 The recommendations proposed are in accordance with the Treasury Management in the Public Services Code of Practice 2017 Edition and the Prudential Code for Capital Finance in Local Authorities 2017.

14 OPTIONS CONSIDERED AND REJECTED

14.1 Consideration and evaluation of alternative options are dealt with within this report.

15 DATA PROTECTION IMPLICATIONS

15.1 Will the subject of the report involve the processing of “personal data?”

No

15.2 **HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?**

No

Approved by: Lisa Taylor, Director of Finance, Investment and Risk (S151 Officer)

CONTACT OFFICER:

Nigel Cook, Head of Pensions and Treasury
Ext 62552

BACKGROUND DOCUMENTS:

None

APPENDICES:

Appendix A: Long-term debt profile

Appendix B: Specified and non-specified investments

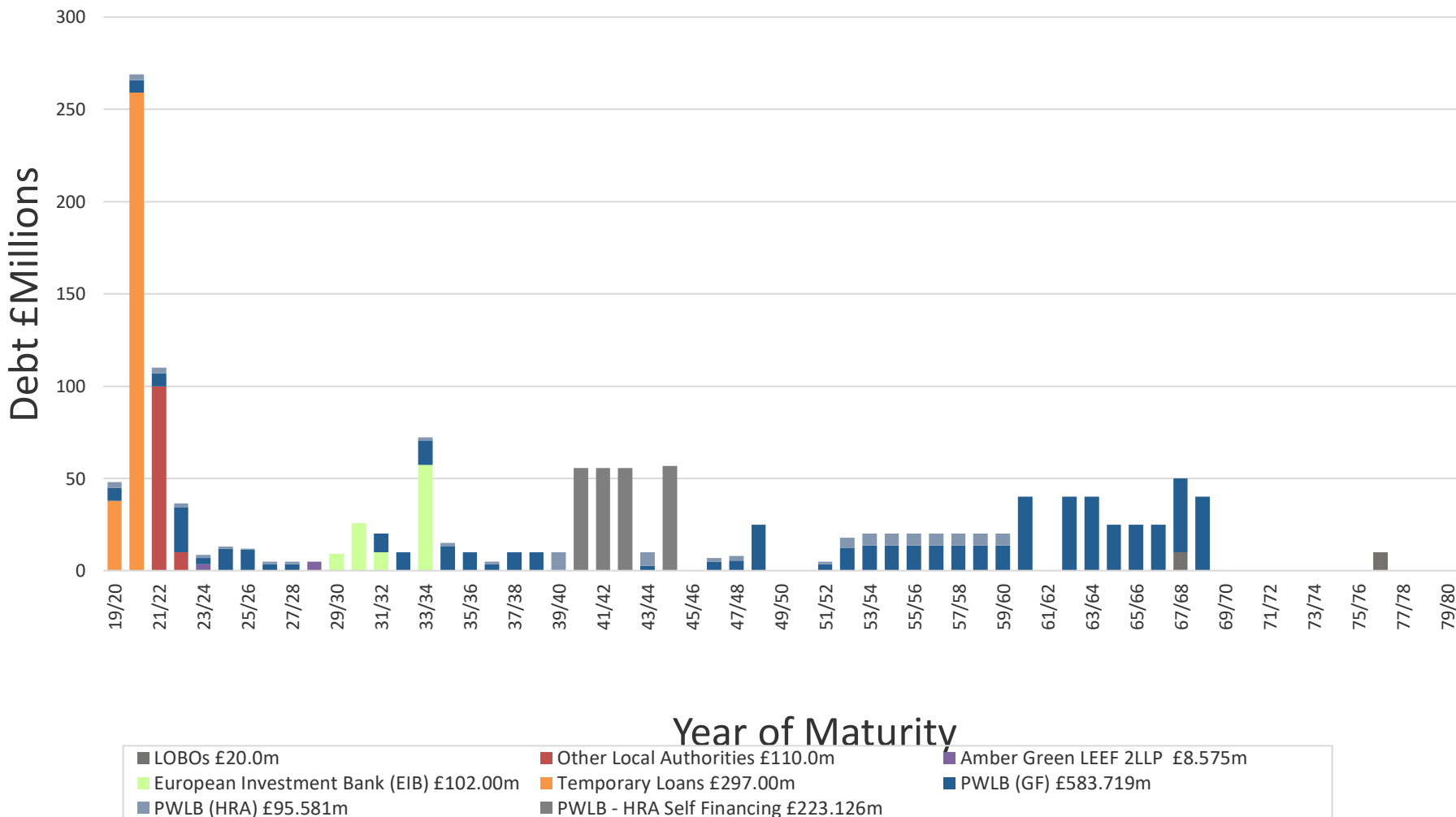
Appendix C: Prudential Indicators

Appendix D: Minimum Revenue Provision Policy

Appendix E: Commentary on Interest Rate Forecasts

This page is intentionally left blank

Debt Profile as at 31 December 2019 (£1,440.001m)



This page is intentionally left blank

LOCAL GOVERNMENT INVESTMENTS (ENGLAND)
SPECIFIED AND NON-SPECIFIED INVESTMENTS

- a. **Specified Investments** - Where there is a change in the current investment policy this is specifically noted. All investments shall consist of investments under one year as follows:
- Debt Management Agency Deposits Facility (DMADF) which is currently available for investments up to six months.
 - Term deposits with the UK Government or with UK local authorities (i.e. local authorities as defined under Section 23 of the 2003 Act) with maturities up to one year.
 - Term deposits with credit - rated deposit takers (banks and building societies) including callable deposits, with maturities up to one year.
 - Certificate of Deposits issued by credit - rated deposit takers (banks and building societies) up to one year.
 - AAA rated Money Market Funds (i.e. a collective investment scheme as defined in SI. 2004 No 534).
 - Bonds issued by multinational development banks (as defined in SI 2004 No 534) with maturities under 12 months. The Council currently does not invest in this type of investment. It is recommended, however, that these can now be used and held until maturity, after consulting and taking advice from the treasury management consultants.
 - Enhanced AAA rated Money Market Funds. These funds differ from traditional AAA Money Market Funds in that they take more interest rate risk by managing portfolios with a longer weighted average maturity period. They may also take greater credit risk by holding assets with lower credit ratings and / or have a longer weighted average life. Depending on whether the fund is UK or US administered, it would be rated by only one of the rating agencies. Hence, although the minimum requirement is an AAA rating, the rating need only be given by one of the agencies. Typically these funds are designed to produce an enhanced return and this requires the fund manager to take more risk (whether credit, interest rate or liquidity) than the traditional AAA Money Market Funds. The Council currently does not invest in this type of fund. It is recommended, however, that these can now be considered, after consulting and taking advice from the treasury management consultants subject to the same criteria as other investments.
 - UK Government Gilts. These are bonds issued by the UK Government representing a very low credit risk with options to sell in the secondary market.

- UK Government Treasury Bills which are debt instruments issued by the Government's Debt Management Office through weekly auctions. The bills are issued with maturities of one, three and six months.

- b. **Non-Specified investments** - Local authorities now have specific powers to invest for periods in excess of one year. Previously such investments were not permissible, except in respect of the Council's Pension Fund (where specific legislation exists). It is recommended that these shall consist of:
- Term deposits with credit - rated deposit takers (banks and building societies) with maturities greater than one year. As a general rule they cannot be traded or repaid prior to maturity. The risk with these is that interest rates could rise after making the investment and there is also the potential that there could be a deterioration of the credit risk over a longer period. It is recommended, therefore, that the use of this investment is limited to a maximum of five years following advice from the Council's treasury management advisers.
 - Term Deposits with UK local authorities. This investment represents intra-authority loans i.e. from one local authority to another for the purpose of cash-flow management. The risk with these is that interest rates could rise after making the investment and it is therefore recommended that the use of this investment is limited to a maximum of five years following advice from the Council's treasury management advisers. This risk is common to all term deposits whether with local authorities or other counterparties.
 - Certificate of Deposits (C.D.) issued by credit - rated deposit takers (banks and building societies) with maturities greater than one year. With these investments there is a market or interest risk. Yield is subject to movement during the life of the CD, which could negatively impact on the price of the CD if traded early. It is recommended, therefore, that the use of this investment is limited to a maximum of five years and sold on maturity following advice from the Council's treasury management advisers.
 - Callable deposits with credit rated deposit takers (banks and building societies) with maturities greater than one year. These have the potential of higher return than using a term deposit with a similar maturity. The risk is that only the borrower has the right to pay back the deposit, the lender does not have a similar call, as although the term is fixed only the borrower has the option to repay early. There is, therefore, no guarantee that the loan will continue to its maturity. The interest rate risk is that the borrower is unlikely to pay back the deposit earlier than the maturity date if interest rates rise after the deposit is made.
 - Forward deposits with credit rated banks and building societies for periods greater than one year (i.e. negotiated deal period plus period of deposit). The advantage of the investment is that there is a known rate of return over the period the monies are invested which aids forward planning. The credit risk is that if the credit rating falls or interest rate rise in the interim period the deposit period cannot be changed. It is recommended, therefore, that the use of this investment is limited to a maximum of five years following advice from the Council's treasury management advisers.

- Bonds issued by multilateral development banks (as defined by SI. 2004 No 534). These have an excellent credit quality and are relatively liquid. If they are held to maturity there is a known yield, which would be higher than that on comparable gilts.
- If traded, there could be a potential for capital gain or loss through appreciation or depreciation in value. The market or interest risk is that the yield is subject to movement during the life of the bond, which could impact on the price of the bond, i.e. if sold prior to redemption date. Given the potential for loss any investment would need to be based on the principle that they would be bought and held until maturity. It is recommended, therefore, that the use of this investment is limited to a maximum of five years following advice from the Council's treasury management advisers.
- Enhanced Money Market Funds. These funds differ from traditional AAA Money Market Funds in that they take more interest rate risk by managing portfolios with a longer weighted average maturity period. They may also take greater credit risk by holding assets with lower credit ratings and / or have a longer weighted average life. Depending on whether the fund is UK or US administered, it would be rated by only one of the rating agencies. Hence, although the minimum requirement is an AAA rating, the rating need only be given by one of the agencies. Typically these funds are designed to produce an enhanced return and this requires the fund manager to take more risk (whether credit, interest rate or liquidity) than the traditional AAA Money Market Funds. The Council currently does not invest in this type of fund. It is recommended, however, that these can now be considered, after consulting and taking advice from the treasury management consultants subject to the same criteria as other investments.
- UK Government Gilts. These are bonds issued by the UK Government representing a very low credit risk with options to sell in the secondary market. If held to maturity there is a known yield but if traded there could be a potential for capital gain or loss through appreciation or depreciation in value. Given the potential for loss, any investment would need to be based on the principle that UK government gilts would be bought and held until maturity. It is recommended, therefore, that the use of this investment is limited to a maximum of five years following advice from the Council's treasury management advisers. If held to maturity, these bonds represent the nearest to a risk-free investment.
- Property Funds. Property funds can provide stable returns in terms of fixed period rents, whether commercial or industrial rentals. Property funds can be regulated or unregulated. An investment in share or loan capital issued by a regulated property fund is not treated as capital expenditure but an investment in an unregulated fund would count as capital expenditure. Given the nature of the property sector, a longer-term time horizon will need to be considered for this type of investment. The Council currently has invested in one property fund; the Real Lettings Property Fund Limited Partnership – see 3.5.13. It is recommended, however, that any future investments in property

funds should only be considered, after consulting and taking advice from the treasury management consultants.

- Floating Rate Notes (FRNs). These are typically longer term bonds issued by banks and other financial institutions which pay interest at fixed intervals. The floating rate nature of these instruments reduces the exposure to interest rate risk as the interest rate is re-fixed at the beginning of every interest rate period. The option to redeem before maturity is available through the secondary market. It is recommended that investments in FRNs be restricted to those issued by institutions on the Council's authorised lending list, after consulting and taking advice from the treasury management consultants.
- Corporate Bonds are issued by corporate institutions for example General Electric, Vodafone etc. They offer local authorities an alternative to the usual financial institutions. For Corporate Bonds, the minimum credit rating criteria of AA- should apply to fit within the Council's investment parameters. It is recommended that the use of this type of investment can now be considered, after consulting and taking advice from the treasury management consultants.
- Covered Bonds. These are a type of secured bond that is usually backed by mortgages or public sector loans. An important feature of covered bonds is that investors have dual recourse, both to the issuer and to the underlying pool of assets. It is recommended that the use of this investment can now be considered, after consulting and taking advice from the treasury management consultants.
- Investment in equity of any company wholly owned by Croydon Council.

This page is intentionally left blank

PRUDENTIAL INDICATORS FOR 2019/20 – 2022/2023

PRUDENTIAL INDICATORS	2019/20 Forecast Outturn £m	2020/21 Forecast £m	2021/22 Forecast £m	2022/23 Forecast £m
1. <u>Prudential Indicators for Capital Expenditure</u>				
1.1. Capital Expenditure				
- General Fund	136.102	111.036	65.990	28.544
- Commercial activities/ non financial investments	100.388	190.510	143.700	32.000
- HRA	42.205	35.701	39.951	26.951
Total	278.695	337.247	249.641	87.495
1.2. In year Capital Financing Requirement (see Table 3)				
- General Fund - gross of MRP costs	148.589	272.708	189.949	46.768
- HRA	7.097	8.545	11.800	4.000
Total	155.686	281.253	201.749	50.768
1.3. Capital Financing Requirement as at 31 st March – balance sheet figures				
- General Fund (net of MRP costs)	1,199,609	1,461,317	1,639,266	1,674,034
- HRA -	329,594	338,139	349,939	353,939
Total	1,529,203	1,799,456	1,989,205	2,027,973
2. <u>Prudential Indicators for Affordability</u>				
2.1. Ratio of financing costs to net revenue streams				
- General Fund	12.30%	13.86%	16.13%	16.73%
- HRA	27.16%	26.59%	25.91%	25.16%
3. <u>Prudential Indicators for Long External Debt</u>				
3.1. Debt brought forward 1 st April	1,357,113	1,512,799	1,790,757	1,988,506
Debt carried forward 31 st March (Includes the £223.1m debt for the HRA self-financing settlement sum plus RIF & Growth Zone borrowings in future years).	1,512,799	1,790,757	1,988,506	2,035,274
<u>Additional Borrowing</u>	155,686	277,958	197,749	46,768

PRUDENTIAL INDICATORS	2019/20 Forecast Outturn £m	2020/21 Forecast £m	2021/22 Forecast £m	2022/23 Forecast £m
3.2. Operational boundary for external debt (excludes revenue borrowing) Borrowing	1,572,502	1,707,959	1,905,708	1,952,476
Other long term liabilities	82,798	82,798	82,798	82,798
3.3. Total operational debt (excludes revenue borrowing)	1,572,502	1,707,959	1,905,708	1,952,476
Add margin for cash flow contingency	50,000	50,000	50,000	50,000
Authorised limit for external debt (includes revenue borrowing)	1,622,502	1,757,959	1,955,708	2,002,476
Other long term liabilities	82,798	82,798	82,798	82,798
Authorised Borrowing Limit	1,705,300	1,840,757	2,038,506	2,085,274
4. <u>Prudential Indicators for Treasury Management</u>				
4.1. Lending limits - upper limit for total principal sums invested for over 365 days expressed as a % of total investments	30%	30%	30%	30%
4.2. Maturity structure of loans payable in:		Lower limit		Upper limit
- Under 12 months		0		25%
- 12 months to 24 months		0		25%
- 24 months to 5 years		0		25%
- 5 years to 10 years		0		25%
- 10 years and above		0		100%

MINIMUM REVENUE PROVISION POLICY STATEMENT FOR 2020/2021

1. The Council has given regard to Guidance issued by the Secretary of State under Section 21(1A) of the Local Government Act 2003 which was revised on 2 February 2018.
2. The Council's MRP Policy Statement for 2020/2021 is to be as follows:
 - 2.1. For the proportion relating to historic debt (incurred up to 31 March 2008) and to Government-supported capital expenditure incurred since, the MRP policy will be to adopt Option 1 - the Regulatory Method by providing a fixed amount each financial year, calculated at 2% of the balance at 31 March 2015, reducing on a straight line basis so that the whole debt is repaid after 50 years.
 - 2.2. For unsupported borrowing undertaken since 1 April 2008, reflected within the CFR debt liability at 31 March 2021, the MRP policy will be to adopt Option 3 – Asset Life Method – Annuity method from the Guidance. Estimated life periods will continue to be determined under delegated powers. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the Guidance, these periods will generally be adopted by the Council. However, the Council reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the Guidance would not be appropriate.
3. As some types of capital expenditure incurred by the Council are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.
4. Where schemes are not fully completed at the end of the financial year, MRP charges will be deferred until the schemes are complete and the assets are operational.
5. MRP on Public Finance Initiative (PFI) schemes debt is to be charged on an annuity basis over the remaining life of each scheme.
6. The Council retains the right to undertake additional voluntary payments if required (Voluntary Revenue Provision – VRP).
7. There will be circumstances when the Council will not be making a provision for the repayment of debt.
8. The Authority will provide loans on a commercial basis which will be used to fund capital expenditure and thus should therefore be treated as capital expenditure and a loan to a third party. The CFR will increase by the amount

of the loans advanced and under the terms of the contractual loan agreements are due to be returned in full with interest paid. When these funds are returned to the Authority, the returned funds will be classed as a capital receipt and offset against the CFR, which will reduce accordingly. As this is in effect a temporary arrangement and the funds will be returned to the Council in full, there is no need to set aside prudent provision to repay the debt liability in the interim period, so there is no MRP application. The outstanding loan will be reviewed on an annual basis and if the likelihood of default increases, a prudent MRP policy will commence.

9. The Authority is purchasing commercial property to be held as part of its Investment Property Portfolio. The properties are held for investment purposes and are managed on a fully commercial basis. The purchase of these properties will be treated as capital expenditure and will increase the CFR. The Council is holding these properties solely for investment purposes and they are leased to tenants on a fully repairing basis. As the Council has the ability to sell these properties to repay any outstanding debt liabilities related to their purchase, there is no need to set aside prudent provision to repay the debt liability in the interim period, so there is no MRP application. The market value of the assets will be reviewed on a regular basis and if the asset value significantly decreases, a prudent MRP policy will commence.
10. The Council's cash investment in the Real Lettings Property Fund LP under a 7-year life arrangement is due to be returned in full at maturity with interest paid on outstanding balances annually. The cash investment will be treated as capital expenditure with the Council's CFR increasing by this amount. At maturity, the funds returned to the Council will be treated as a capital receipt and the CFR will reduce accordingly. As this is a temporary arrangement over 6 years, and as the funds are to be returned in full, there is no need to set aside prudent provision to repay the debt liability in the interim period, and therefore no MRP application is required.
11. Loans borrowed from Amber Green LEEF 2LLP or an alternative source to fund energy efficiency and carbon reduction schemes at certain educational institutions within the Borough will be recovered in full from these institutions. As such, there is no need to set aside prudent provision to repay the debt liability in the interim period, and therefore no MRP application is required.

COMMENTARY ON PROSPECTS FOR INTEREST RATES PROVIDED BY LINK ASSET SERVICES IN JANUARY 2020

The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives our central view.

Link Asset Services Interest Rate View														
	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.25	1.25	1.25	1.25
3 Month LIBID	0.70	0.70	0.70	0.80	0.90	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.30	1.30
6 Month LIBID	0.80	0.80	0.80	0.90	1.00	1.10	1.10	1.20	1.30	1.40	1.50	1.50	1.50	1.50
12 Month LIBID	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.40	1.50	1.60	1.70	1.70	1.70	1.70
5yr PWLB Rate	2.30	2.40	2.40	2.50	2.50	2.60	2.70	2.80	2.90	2.90	3.00	3.10	3.20	3.20
10yr PWLB Rate	2.60	2.70	2.70	2.70	2.80	2.90	3.00	3.10	3.20	3.20	3.30	3.30	3.40	3.50
25yr PWLB Rate	3.20	3.30	3.40	3.40	3.50	3.60	3.70	3.70	3.80	3.90	4.00	4.00	4.10	4.10
50yr PWLB Rate	3.10	3.20	3.30	3.30	3.40	3.50	3.60	3.60	3.70	3.80	3.90	3.90	4.00	4.00

The above forecasts have been based on an assumption that there is an agreed deal on Brexit, including agreement on the terms of trade between the UK and EU, at some point in time. The result of the general election has removed much uncertainty around this major assumption. However, it does not remove uncertainty around whether agreement can be reached with the EU on a trade deal within the short time to December 2020, as the prime minister has pledged.

It has been little surprise that the Monetary Policy Committee (MPC) has left Bank Rate unchanged at 0.75% so far in 2019 due to the ongoing uncertainty over Brexit and the outcome of the general election. In its meeting on 7 November, the MPC became more dovish due to increased concerns over the outlook for the domestic economy if Brexit uncertainties were to become more entrenched, and for weak global economic growth: if those uncertainties were to materialise, then the MPC were likely to cut Bank Rate. However, if they were both to dissipate, then rates would need to rise at a “gradual pace and to a limited extent”. Brexit uncertainty has had a dampening effect on UK GDP growth in 2019, especially around mid-year. There is still some residual risk that the MPC could cut Bank Rate as the UK economy is still likely to only grow weakly in 2020 due to continuing uncertainty over whether there could effectively be a no deal Brexit in December 2020 if agreement on a trade deal is not reached with the EU. Until that major uncertainty is removed, or the period for agreeing a deal is extended, it is unlikely that the MPC would raise Bank Rate.

Bond yields / PWLB rates. There has been much speculation during 2019 that the bond market has gone into a bubble, as evidenced by high bond prices and remarkably low yields. However, given the context that there have been heightened expectations that the US was heading for a recession in 2020, and a general background of a downturn in world economic growth, together with inflation generally at low levels in most countries and expected to remain subdued, conditions are ripe for low bond yields. While inflation targeting by the major central banks has been successful over the last thirty years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. This has pulled down the overall level of

interest rates and bond yields in financial markets over the last thirty years. We have therefore seen over the last year, many bond yields up to ten years in the Eurozone actually turn negative. In addition, there has, at times, been an inversion of bond yields in the US whereby ten-year yields have fallen below shorter-term yields. In the past, this has been a precursor of a recession. The other side of this coin is that bond prices are elevated, as investors would be expected to be moving out of riskier assets i.e. shares, in anticipation of a downturn in corporate earnings and so selling out of equities. However, stock markets are also currently at high levels as some investors have focused on chasing returns in the context of dismal ultra-low interest rates on cash deposits.

During the first half of 2019-20 to 30 September, gilt yields plunged and caused a near halving of longer term PWLB rates to completely unprecedented historic low levels. There is though, an expectation that financial markets have gone too far in their fears about the degree of the downturn in US and world growth. If, as expected, the US only suffers a mild downturn in growth, bond markets in the US are likely to sell off and that would be expected to put upward pressure on bond yields, not only in the US, but also in the UK due to a correlation between US treasuries and UK gilts; at various times this correlation has been strong but at other times weak. However, forecasting the timing of this, and how strong the correlation is likely to be, is very difficult to forecast with any degree of confidence. Changes in UK Bank Rate will also impact on gilt yields.

One potential danger that may be lurking in investor minds is that Japan has become mired in a twenty-year bog of failing to get economic growth and inflation up off the floor, despite a combination of massive monetary and fiscal stimulus by both the central bank and government. Investors could be fretting that this condition might become contagious to other western economies.

Another danger is that unconventional monetary policy post 2008, (ultra-low interest rates plus quantitative easing), may end up doing more harm than good through prolonged use. Low interest rates have encouraged a debt-fuelled boom that now makes it harder for central banks to raise interest rates. Negative interest rates could damage the profitability of commercial banks and so impair their ability to lend and / or push them into riskier lending. Banks could also end up holding large amounts of their government's bonds and so create a potential doom loop. (A doom loop would occur where the credit rating of the debt of a nation was downgraded which would cause bond prices to fall, causing losses on debt portfolios held by banks and insurers, so reducing their capital and forcing them to sell bonds – which, in turn, would cause further falls in their prices etc.). In addition, the financial viability of pension funds could be damaged by low yields on holdings of bonds.

The overall longer run future trend is for gilt yields, and consequently PWLB rates, to rise, albeit gently. From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment. Such volatility could occur at any time during the forecast period.

In addition, PWLB rates are subject to ad hoc decisions by **H.M. Treasury** to change the margin over gilt yields charged in PWLB rates: such changes could be up or down.

It is not clear that if gilt yields were to rise back up again by over 100bps within the next year or so, whether H M Treasury would remove the extra 100 bps margin implemented on 9.10.19.

Economic and interest rate forecasting remains difficult with so many influences weighing on UK gilt yields and PWLB rates. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

Investment and borrowing rates

- Investment returns are likely to remain low during 2020/21 with little increase in the following two years. However, if major progress was made with an agreed Brexit, then there is upside potential for earnings.
- Borrowing interest rates were on a major falling trend during the first half of 2019-20 but then jumped up by 100 bps on 9.10.19. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years. However, the unexpected increase of 100 bps in PWLB rates requires a major rethink of local authority treasury management strategy and risk management. Now that the gap between longer term borrowing rates and investment rates has materially widened, and in the long term Bank Rate is not expected to rise above 2.5%.

This page is intentionally left blank

For General Release

REPORT TO:	CABINET 24th February 2019
SUBJECT:	Delivering the Croydon Growth Zone
LEAD OFFICER:	Shifa Mustafa, Executive Director of Place Stephen Tate, Director of Growth, Economy and Regeneration
CABINET MEMBER:	Councillor Stuart King and Councillor Paul Scott, Cabinet Members for Environment, Transport & Regeneration (Job Share) Councillor Manju Shahul-Hameed, Cabinet Member for Economy & Jobs Councillor Oliver Lewis, Cabinet Member for Culture, Leisure and Sport
WARDS:	All
<p>CORPORATE PRIORITY/POLICY CONTEXT/ AMBITIOUS FOR CROYDON</p> <p>Delivering the Growth Zone is a key priority of the administration to enable and support investment in jobs, housing, economic growth and the regeneration of the Town Centre.</p> <p>The benefits of the Growth Zone will be realised across the whole borough. The Growth Zone programme has been scoped and planned using an evidence-based approach to ensure that the required infrastructure and accompanying supporting activity is in place to enable growth and change that is positive and sustainable, both in the town centre and beyond. For example, this includes improvements to public transport provision, walking and cycling infrastructure and public realm along key routes in and out of the town centre, targeting improvements to air quality and encouraging people to walk or cycle for local trips rather than driving.</p> <p>This report is particularly relevant in relation to the following Corporate Plan priorities, ensuring sustainable [good] growth within Croydon town centre, and beyond into the wider borough:</p> <ul style="list-style-type: none"> • People live long, healthy, happy and independent lives • Our children and young people thrive and reach their full potential • Everybody has the opportunity to work and build their career • More residents and businesses benefit from the regeneration and investment being made in Croydon • We have a cleaner and more sustainable environment • Business moves here and invests, our existing businesses grow • We value the arts, culture, sports and activities • An excellent transport network that is safe, reliable and accessible to all 	

FINANCIAL IMPACT

The Growth Zone business rate uplift retention funding mechanism was approved by Cabinet in July 2016 and the Mayor of London in September 2016, and ring-fences growth in business rates from April 2018 for 16 years, plus an option to extend by 3 years, in the designated area. A Statutory Instrument was laid in parliament which led to the formal approval of the Growth Zone by the Government from April 2018.

The full Growth Zone programme includes an estimated £520 million of projects supported by a loan of £309.9 million with the balance (circa £210 million) met from other sources including TfL, the GLA or S106 planning obligations.

The Council received a £7 million grant from the Treasury in 2016. The grant funds the cost of any borrowing in the first 4 years of the Growth Zone programme (from 2017/18) before the business rates uplift creates sufficient income to repay and service the Growth Zone loan.

In October 2018 Cabinet approved a programme of activities and associated funding draw down for the first phase of the Growth Zone programme up to 2023 (see key decision reference 1418CAB). Cabinet further approved £1.721 million to support a related Smart Cities and Digital Transformation programme on 8th July 2019. This report provides an update on progress to date, and proposed re-profiled expenditure for the early phases of the programme, reflecting the changing timescales for delivery of key town centre redevelopment sites.

This reduces the total Growth Zone programme capital expenditure from £167.8 million to £78 million over the next 3 years.

FORWARD PLAN KEY DECISION REFERENCE NO.: 0620CAB

The notice of the decision will specify that the decision may not be implemented until after 13.00 hours on the 6th working day following the day on which the decision was taken unless referred to the Scrutiny and Overview Committee.

The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below

1. RECOMMENDATIONS

The Cabinet is recommended to

- 1.1 Approve the amended funding profile for projects as summarised in paragraph 3.7 of this report ; and
- 1.2 Subject to the requirement to comply with the provisions of Part 4G of the Constitution in taking delegated decisions and the parameters previously approved in the October 2018 Cabinet report 'Delivering the Growth Zone (specifically Paragraph 3.88) delegate to the Executive Director of Place in consultation with the Executive Director of Resources (Section 151 Officer), the Cabinet Member for Finance and Resources, the Cabinet Members for Environment, Transport & Regeneration (Job Share) and the Cabinet member

for Economy and Jobs, authority to make necessary changes to the funding and phasing of the approved Growth Zone projects list. Any such changes will be reported to Cabinet.

2. EXECUTIVE SUMMARY

2.1 This report provides an update on progress to date with the Growth Zone programme, key achievements, and details of planned projects and activity over the coming three years, alongside the capital expenditure. This is set out in sections reflecting the themes and activity led by the Growth Zone sub-groups (further details of the Growth Zone governance structure are at Appendix 2), as listed below:

- Social Infrastructure
- Culture and Meanwhile
- Employment and Skills
- Place and Public Realm
- Transport and Corridors
- Parking
- Construction Logistics
- Smart City
- Energy

3. INTRODUCTION

3.1 Good Growth for All

3.1.1 Growth brings with it fantastic opportunities to improve facilities, services and living conditions for existing neighbourhoods, when supported by the appropriate social, economic, cultural and physical infrastructure needed to ensure it is sustainable. Croydon is transforming into a modern European city. With Croydon's existing communities we are building a place where innovation and enterprise can flourish, which attracts people to its culture and creativity, nurtures local talent and supports individuals and communities to fulfil their potential. Croydon will continue to be exceptionally well connected, with new and improved infrastructure that enables people to easily come together, and travel to, from and around the borough, with fantastic digital, communications and transport networks.

3.1.2 Croydon Council's approach to development and regeneration across the borough and the transformation of central Croydon is reflected in the three goals set out in our [Community Strategy \(2016-21\)](#):

- A place to work, learn and live
- A place of opportunity for everyone
- A place with a vibrant and connected community and voluntary sector

Our key priority is to deliver the benefits of growth and regeneration to local people and ensure that no community is left behind. We want to develop the talents and aspirations of our residents, businesses and communities, making Croydon an exciting place to live, visit, invest and spend time in.

3.1.3 These principles are supported by the Council's [Economic Strategy 2019-2024](#), which sets out the following four key priorities:

- To create places where businesses, investors and residents want to live, trade and invest
- To create a business environment for growth
- To invest in ideas that can deliver real change for Croydon
- To invest in our people

3.1.4 This approach accords with the Mayor of London's Good Growth principles, as set out in the [draft new London Plan](#). These principles support growth on the basis of its potential to improve the health and quality of life of all Londoners, to reduce inequalities and to make the city a better place to live, work and visit. It uses the opportunities of a rapidly-growing city to plan for a better future, using each planning decision to improve London, transforming the city over time. It plans not just for growth, but for Good Growth – sustainable growth that works for everyone, using London's strengths to overcome its weaknesses. The key principles of Good Growth are:

- [Building strong and inclusive communities](#)
- [Making the best use of land](#)
- [Creating a healthy city](#)
- [Delivering the homes Londoners need](#)
- [Growing a good economy](#)
- [Increasing efficiency and resilience](#)

3.2. The Climate and Ecological Emergency

3.2.1 We want to ensure that the Growth we are experiencing and planning for does not come at the expense of our planet. The Council recently declared a Climate and Ecological Emergency – we are committed to making plans for growth that respond to the challenges of the climate crisis and ensure that the transformation of Croydon is sustainable, ensuring a secure future for generations to come.

3.2.2 Plans for growth and regeneration will incorporate improvements that can have the most impact on reducing or mitigating future climate change. In particular this includes a focus on investment in more sustainable transport, improving sustainable energy supplies and networks and achieving high environmental standards in new construction and refurbishment projects.

3.3 Croydon-wide Growth, Regeneration and Change

3.3.1 Croydon is experiencing significant growth and change. Our population is growing and new communities and businesses are moving into the borough attracted by the fantastic transport connections, social, environmental and cultural offer and competitive rent and house prices.

- 3.3.2 Since 2012, Croydon has seen an 8% growth in our resident population, including an 11% increase in our under-16s and a 20% increase in our over-65s; and the borough is becoming more and more diverse, with BAME residents now making up over half of Croydon's population. We know that Croydon's population is going to continue to grow at an even more-accelerated rate over the next 20 years as we build the much-needed homes to meet housing demand.
- 3.3.3 It is essential that we shape and manage this growth in a sustainable way that provides for the optimum social, cultural, economic and environmental outcomes for all of our communities. We want to enable all our communities to benefit from the many opportunities that growth can provide. This might include, for example: improved public transport connections and provision for walking and cycling routes; new social and cultural infrastructure provision; improved digital connectivity; more investment in our parks and open spaces; measures to tackle air pollution; improvements to the public realm; and investment and support for our high streets to help them prosper.

3.4 The Growth Zone – background

- 3.4.1 Within the broader context of significant growth and change across the borough, central Croydon (the [Croydon Opportunity Area](#), as defined within supplementary planning documents linked to our [Local Plan](#)) is undergoing particularly rapid change, with planned wholesale transformation of the core high street retail area, and numerous other new housing and commercial developments planned or under construction. We anticipate the development and regeneration of the town centre area providing nearly 24,000 new jobs (with a further 5,000 employment opportunities provided during the construction phase), at least 10,000 new homes and 2.8 million square feet of new Grade A office space.
- 3.4.2 In 2015, central Government approved the designation of a section of the Croydon Opportunity Area (COA) as a Growth Zone, setting up a Tax Increment Financing (TIF) model which harnesses projected business rates uplift in this area to enable borrowing from Government to fund new infrastructure provision which will enable and support growth across the central Croydon. Details of the Croydon Growth Zone funding, governance and associated programme of projects and activities were subsequently agreed both by Cabinet, the Mayor of London and Government between 2016 and 2018. In addition to the infrastructure loan and TIF arrangement, we secured an initial £7 million Government grant to commence the programme and cover any interest payments from the loan in the early years.
- 3.4.3 The Croydon Growth Zone programme consists of workstreams ranging across transport, public realm, logistics, social infrastructure, culture and technology (totalling 46 distinct projects) as reported to Cabinet in December 2017 and October 2018. These projects were decided upon following complex analysis of the infrastructure and activity required to enable and support the growth anticipated in central Croydon. This involved consultation with representatives from departments across the council, and with key external stakeholders in the borough. All of the projects are essential to maximise the opportunities of the planned town centre growth for the benefit of existing and future residents,

businesses and visitors. They range from major rail infrastructure and station improvements - to accommodate significant increases in the number of commuters travelling to and from Croydon via public transport - to the development of a new health centre. Croydon Council are now working to develop and deliver the programme, in partnership with Transport for London (TfL), Network Rail, the GLA and the private sector, alongside key representatives from the community and voluntary sector.

- 3.4.4 In December 2017, Cabinet approved a budget of £4 million to develop these projects further and begin implementation from April 2018. These funds were allocated from the initial £7 million Government grant. The business case and detailed background for these projects were included in the Growth Zone Delivery Plan and Programme produced by Peter Brett Associates in March 2018. In October 2018 Cabinet approved a subsequent £166.051 million budget to progress projects in line with a proposed delivery programme up to 2023. In addition to this a further £1.721 million was approved by cabinet in July 2019 relating to Smart Cities and Digital Transformation, bringing the total approved funding to £167,772 million.

3.5 The Growth Zone – Achievements to date

- 3.5.1 The Growth Zone programme is already having impact at a local level, and is viewed within the sector as an ambitious and innovative approach to city-centre scale enablement of regeneration, development and sustainable growth.
- 3.5.2 This year the council's work has been recognised via awards for the town centre 'meanwhile' programme of public realm interventions, and for innovative construction logistics and utility coordination projects.
- 3.5.3 One example of a project delivered under the 'meanwhile' programme is the creation of a temporary public square adjacent to Croydon College. This utilises a previously derelict area to test a new civic space, including a collection of innovative urban furniture that can be configured in a variety of ways, enabling a number of activities from seating to market stalls, or a stage. Over the last year College Square has become a busy public space and meeting point.
- 3.5.4 The construction logistics programme has successfully managed to coordinate and manage the significant uplift in construction traffic through the town centre, and ensure that, despite the volume of demolition and construction activity in the area, residents, businesses and visitors can carry out their day to day activities as normal.
- 3.5.5 In 2019 the cultural programme attracted 22,000 people to Wandle Park over a single weekend, brought families to play in a sandy beach on the High Street and supported the launch of the Ends festival, including opportunities for young local musicians to showcase their talent on the Future Stage. Building on these achievements helped us successfully bid for the 2023 London Borough of Culture.
- 3.5.6 We secured £9.56 million of TfL 'Livable Neighborhoods' funding for the Old

Town and Roman Way area, £540,000 for taking forward bus priority transport projects across the borough, and £325,000 GLA LEAP funding for a 'Business Low Emission Neighborhood' programme for London Road, all of which will help the council to deliver improvements to public transport, walking and cycling provision in the town centre and surrounding areas.

- 3.5.7 The Growth Zone funding for Croydon Works, and their extension into construction training and employment support has contributed towards helping over 1,000 local people into new jobs.

3.6 Growth Zone programme 2020-23 – Forward Planning and Next Steps

- 3.6.1 The proposed Growth Zone funding for the next three years continues to be spread across physical infrastructure projects that are necessary to enable the transformation of the town centre, the development of new social infrastructure that will support existing and new town centre communities and activity, and programming to ensure that Croydon continues to be seen as a great place to live, visit, work and invest. We are planning a broadened cultural programme and more attractive and innovative 'meanwhile' activity, in order to maintain excitement and momentum in the town centre during the early stages of redevelopment and regeneration.
- 3.6.2 The Council have worked with external financial consultants 31Ten to develop an overall financial model for the Growth Zone programme. This includes regular scenario testing and sensitivity analysis to ensure that the broad regeneration programme and Growth Zone capital funding can be supported by the development pipeline in the town centre and the accompanying projected business rates growth.
- 3.6.3 Positively, over the last 2 years the uplift in business rates income from the Growth Zone area has been above the baseline assumed for the TIF model, in particular due to early letting of the new commercial and office space at Ruskin Square.
- 3.6.4 A significant proportion of the major development sites in the COA are progressing, although the Croydon Partnership (Westfield) Whitgift Centre redevelopment has yet to commence (although enabling works to create new large-scale utility supplies have taken place). It is now anticipated that the scope and scale of the planned Croydon Partnership development will change (subject to planning), with a greater emphasis on a wider mix of recreation, leisure and employment uses with less reliance upon retail. Recent discussions have suggested that some existing buildings and structures will be retained, refurbished and in some cases converted, and the parking provision significantly reduced. This would help to create a more sustainable development than the previously proposed full demolition. Mean time uses are being introduced and the Croydon Partnership have committed to shorter term upgrades and improvements the existing centre. The Council is continuing to liaise with the Partnership to ensure that we plan accordingly.

3.6.5 This report sets out re-profiled funding allocations profiled against financial year distributions from 2019/20 to 22/23 to ensure that the Growth Zone programme is viable and sustainable. This reflects a more detailed understanding of likely delivery milestones for major infrastructure activities, informed by the council's experience of running the Growth Zone programme over the last two years, and the changing timescales for delivery of key town centre redevelopment sites. This re-profiled expenditure does not reduce the overall funding commitments altogether - the original total infrastructure funding as set out in the Growth Zone Delivery Plan, (approved by Cabinet in October 2018), remains the same. Further funding requests will be later delineated for the future programme beyond 2022/23, profiled in more detail as the town centre developments come forward.

3.7 Growth Zone – reprofiled budget 2020-23

3.7.1 The detail of the re-profiled Growth Zone programme is set out in the section 4 of this report and provides more detail on specific projects and initiatives split by different workstreams the summary.

3.7.2 The table below summarises the previous approved expenditure (column A) broken down by themes, (combining October 2018 and July 2019 Cabinet approvals), and the revised budget (column B). There are significant short term reductions in funding for major transport projects, which will continue to be delivered, but over a longer timescale, reflecting the updated planning and implementation programmes planned with key partners TfL and Network Rail. The expenditure planned for both the culture, social infrastructure and energy workstreams is increasing over the next 3 years. The cultural programme in the town centre will expand, developing on the successful activities and events delivered to date, and reflecting our recently announced status as London Borough of Culture for 2023. Key elements of the social infrastructure programme will come forward in the next 3 years, including investment in community facilities and children's play provision and starting the long term refurbishment and upgrade of the Clock tower and Town Hall civic complex.

Workstream	(A) GZ funding approved 19/20- 22/23 (£000's)	(B) Updated funding requested 19/20- 22/23 (£000's)
Transport	115,748	35,434
Public Realm	44,363	23,526
Construction Logistics	1,840	1,474
Parking	1,200	1,125
Culture	1,500	3,500
Smart Cities	1,721	2,721
Social Infrastructure	500	8,400
Employment and Skills	800	800
Energy	100	1,020
Total	167,772	78,000

4. GROWTH ZONE PROGRAMME – by Sub-Group Workstream

4.1 This section covers progress made so far on delivering the Growth Zone programme and details projects to be delivered by March 2023, as set out by themed workstream, reflecting the Growth Zone’s sub-group governance structure.

4.2 Social Infrastructure

4.2.1 In 2018/19, the social infrastructure sub-group was formed and a review of the social infrastructure themes and initially proposed projects was undertaken. The sub-group is responsible for agreeing the vision and definition of ‘social infrastructure’, informing themes for activity and investment, including coordination and consistency with a broader potential borough-wide approach to social infrastructure needs analysis and planning. Part of the sub-group’s work is to develop and strengthen partnerships with key external stakeholders, community networks and commercial organisations to ensure that the town centre social infrastructure programme is sustainable beyond the life-time of the Growth Zone programme. This workstream is also responsible for the establishment of a baseline framework and regular review of the town centre regeneration’s social impact, and any associated benchmarking, to ensure that this is considered as part of the broader infrastructure and development activity undertaken by the Council, it’s partners and local stakeholders.

4.3 Progress to Date

Croydon Clocktower and Town Hall

4.3.1 The Clocktower refurbishment project (incorporating elements of the Town Hall) is at initial feasibility stage. The council will be reviewing a number of options for the improvement and revitalisation of this valued public asset, improving the facilities, public offer and access to Croydon’s central library, the Museum of Croydon, CALAT and other key services, creating a central community hub to mirror the cultural offer now in place across the road at Fairfield Halls. We will be seeking to secure further external capital funding to take this project forward, principally via Heritage Lottery Funding.

Children’s Play Provision

4.3.2 New and expanded play provision for children and young people is required across the town centre area, to ensure children and young people both living in and visiting the town centre have sufficient and varied places to play. New outdoor play spaces and equipment will be provided as part of the planned improvements to open spaces at the Minster and at Queen’s Gardens, and informal play provision will form part of the new high quality Fair Field public realm.

4.3.3 Building on the masterplan developed in 2017 for Park Hill, one of the town centre’s two major parks, we are planning phased improvements to this site, principally focusing on creating spaces for young people and children’s play alongside other changes to the park landscape and infrastructure. A first

survey of park visitors was completed in September, and digital visitor counters will be installed soon to monitor footfall in order to gauge the impact of future improvements. Interim improvements to the public toilets in the park will be completed in the coming months. We have undertaken a condition survey for the park's Victorian water tower and a radar survey of the underground reservoir.

- 4.3.4 From early 2020, there will be an 8 month programme of pop up play events and engagement activities, working with young people to test out ideas and design proposals for the new play spaces in the park. The Council's Placemaking team are developing a brief for new entrance gateways at the two main entry points into the park, alongside local wayfinding improvements.

Primary and Community Health Care

- 4.3.5 The social infrastructure sub-group are working with the Croydon Clinical Commissioning Group and South London and Maudsley Mental Health Trust to clarify the requirements for new primary and community health space in the town centre, and associated capital funding.

School Places and Further Education

- 4.3.6 The development of classrooms and training space for students over 16 with special educational needs (SEN) that was detailed in the Growth Zone Delivery Plan is no longer required in the same format in the town centre area, as this provision is being created for the short to medium term at the Croydon College Coulsdon site. However, we are liaising with education colleagues to capture any relevant requirements for school places, early years provision or SEN.

Croydon Creative Campus

- 4.3.7 The Council are now developing the feasibility stage scope and spatial brief for an expanded higher education offer in the town centre, following the announcement of a partnership with London South Bank University.

Community Facilities

- 4.3.8 We have recently appointed consortium partners We Made That, PRD and Migrants Bureau to engage with our local voluntary and community sector stakeholders and undertake an analysis of community space in central Croydon, to map and understand the existing availability of community space for use and hire, including assets owned or managed by the council, alongside an assessment of the pipeline of new community facilities being delivered as part of new development within the Town Centre. This work will align with the council's recently published Voluntary and Community Sector (VCS) Strategy.

Social Impact Baseline and Monitoring

- 4.3.9 The social infrastructure sub-group is commissioning consultants Social Life in partnership with University College London to develop a framework to gauge and monitor the social impact of the town centre regeneration programme. The first stage survey work and report should conclude in Summer 2020.

4.4 Updated proposals for the next 3 years

Meanwhile and 'precursor' activity and programming

- 4.4.1 Across a number of project themes, collaborating with other Growth Zone workstreams, we will develop and deliver innovative and appropriate meanwhile activity in the town centre, testing ideas and building evidence towards social infrastructure objectives, particularly in relation to the engagement and outreach required to develop the Clocktower and Town Hall refurbishment project, and for testing proposals for new community spaces and children's play provision.

Croydon Clocktower and Town Hall

- 4.4.2 The council will confirm the vision, objectives and programme for Clocktower and Town Hall refurbishment project, including the associated timeline for external fundraising (including targeting Heritage Lottery funding). We will undertake short term improvements to the building, including to signage and wayfinding, upgrading public toilets, and improving access control arrangements. The Council will develop and implement a new archiving policy for the museum and library services, and progress with seeking reaccreditation for the Croydon Museum, including planning for associated works to the building where appropriate. We will procure a multi-disciplinary project management, design and consultancy team to take the project forward and ensure robust and sustainable business planning including all the services operating from the building.

Children's Play Provision

- 4.4.3 An implementation, fundraising and phasing plan for Park Hill will be confirmed in 2020. We anticipate completing first phase works (entrance improvements and wayfinding) by 2021, with later phases of works to the park running from 2021-2023. Other children's play provision across the town centre (including in Minster Green and Queen's Gardens) should complete over the next 2 years.

Primary and Community Health Care

- 4.4.4 The Council will continue to support Croydon CCG and local NHS partners with the development and implementation of a Croydon NHS Estates Strategy. We will assist in clarifying the proposals for and part-funding of a new health centre as part of Brick x Brick's Fairfield Homes development, alongside a number of extension and refurbishment projects to existing health centres and GP surgeries in the town centre area, in order to meet projected demand.

Croydon Creative Campus

- 4.4.5 We anticipate a phased development of a new university offer in the town centre, and over the next year will be working with London South Bank University and other potential academic partners to define the programme, funding and investment requirements for the new Creative Campus.

Community Facilities

- 4.4.6 Working with We Made That and collaborating with the council's community and voluntary sector partners we will develop a community space strategy and Growth Zone funding proposals for the town centre. We will report back to VCS networks and infrastructure organisations, with publication of the We Made That report in summer 2020. Dependent on the outcome of the report, we may plan for further capital projects or funding programmes from 2021 onwards.

Social Impact Baseline and Monitoring

- 4.4.7 We will complete and publish the baseline report and accompanying monitoring framework for the town centre regeneration social impact measurement/analysis in 2020, including future proposals for regular re-assessment and reporting.

Project/Initiative	GZ funding approved 19/20-22/23 (£000's)	Updated funding requested 20/21-22-23 (£000's)
Project Development	500	3,400
Clock Tower	0	5,000
Total	500	8,400

4.5 Culture and Meanwhile

- 4.5.1 The Growth Zone-supported cultural programme has delivered well on its objectives to raise the profile of the borough, enhance its reputation and improve the case for inward investment. Croydon now has a strong and growing reputation for cultural activity and creative industry, with excellent home-grown talent and creative community and business networks.

4.6 Progress to Date

Fairfield Halls

- 4.6.1 Fairfield Halls reopened with the first of many fantastic opening events on 16th September with Dame Judi Dench launching the Ashcroft Playhouse, followed by an official opening of the civic complex by with the Mayor of London. London Mozart Players opened the Phoenix concert hall with a gala concert that also celebrated their 70th birthday and Dance Umbrella, partnering with Dance Festival Croydon, took over Fairfield Halls over 2 days in October, presenting a range of dance genres and events, including many free, inclusive

public activities and workshops.

Croydon Music City

4.6.2 In 2018 the council started to develop the borough as a 'Music City' where music-making and production is at the heart of the local culture and economy. An initial stage of community consultation was completed by Sound Diplomacy who have helped develop strategies for cities across the world and have been involved in establishing initiatives like New York Music Month, London's Night Czar and the international Music Cities programme. We are now building local partnerships and the starting to create a Music Strategy that sets out the creation of an inward investment programme, developing creating a new music industry network and development of a clear budget and action plan. So far 4 Croydon Music City support grants have been provided to key events in the town centre, including 'Croydon Rocks' festival at Fairfield Halls.

Croydon Art Store

4.6.3 The Croydon Art Store, an arts focused meanwhile community hub and exhibition space in the Whitgift Centre, has continued to run public programmes in 2019/20, and the Croydon Partnership have now offered several other units around the existing CAS space for community or arts-led meanwhile use, with potential to build on the success of the CAS programme to date.

Summer Programme and Street Live

4.6.4 In summer 2019, the culture programme continued with the Council and Croydon BID delivering a programme of events and activities on the High Street and beyond, building on the success of 'Street Live' the previous year. The High Street was transformed by 12 weekends of free, inclusive events and performances, including live music, dance, drama, crazy golf, craft markets, an urban beach, and a big screen for Summer Sports. From June to September, over 15,000 people engaged with the 2019 Street Live activities. Croydon Business Improvement District (BID) were encouraged by the way these activities attracted visitors to the High Street - for example the 'Made in Croydon' Craft Market saw a 71% rise in footfall. The Growth Zone has supported other high profile events such as Croydon Pride and Mela, both in Wandle Park, which together had 22,000 people attending over one weekend in July, and also two new festivals, CroCro Land and The Ends.

Creative Enterprise Zone

4.6.5 Using the Growth Zone contribution the Council was successful in leveraging in further funds and was awarded Creative Enterprise Zone (CEZ) status in December 2018. The CEZ grant of £500,000 is supporting the growth of Creative Industries in the borough through provision of space (such as Nexus and ASC Art House), skills and support (such as the paid creative internships programme and 40% workspace discount scheme for under 25's), policy and developing creative community networks.

4.6.6 Subsequently, the borough will benefit from training and development for new

creative entrepreneurs and businesses, bringing the total investment to over £1m. The core aim of CEZ is to retain and attract new creative businesses to the area by offering permanent affordable workspace, business and skills support and pro-culture policies like targeted business rate relief.

Croydon Lit

- 4.6.7 The Council has commissioned a lighting strategy for Croydon incorporating a series of large and small scale lighting installations and pieces across the borough. The programme is called 'Croydon Lit' and will contribute to an improved public realm and benefit the night time economy. The first phase of Croydon Lit is the lighting projections for the building façade and surrounding pavements developed as part of the Fairfield interim public realm works.

Museum of Croydon

- 4.6.8 With the Social Infrastructure Sub-Group, the Culture Sub-Group is supporting proposals for the Clocktower refurbishment, including developing an engagement and outreach programme for the Museum of Croydon, to be taken forward in the year ahead. This will involve a year of experimental programming led by local artists, community groups and voluntary organisations to deliver 9 temporary exhibitions along with a programme of activities and a trial of Museum Lates. The programme will allow us to understand current and future audiences and how the Clocktower functions as an arts and community-led venue. The programme will be evaluated to review and inform the future evolution of the museum service, and planning for future exhibitions, engagement, programming and outreach, particularly to encourage a more diverse and representative audience.

4.7 Updated proposals for the next 3 years

- 4.7.1 Planning for the town centre cultural programme in 2020 is now underway, particularly focused on sports programming including celebrating the Croydon Harriers 100th Anniversary and partnering with the GLA and other local partners for events in the lead up to and during the Euro 2020 football championship. We are now preparing and planning for the programme of activity to accompany Croydon becoming London Borough of Culture 2023.

Borough of Culture

- 4.7.2 We are delighted to be London's Borough of Culture (BOC) for 2023 – we have been recognised as a London cultural leader not only for putting culture at the heart of regeneration and investing in cultural infrastructure, but also for our ambition for our cultural future. As Borough of Culture we will create an open access fund for local community and cultural projects as well as deliver a year of large scale events and initiatives designed and delivered with our arts community and young people. A number of foundation projects will begin during 2020, including the Croydon Map of the World that plans to identify 23 communities and countries that make up our collective cultural DNA, and the Beacons project which will select 23 locations for artist-decorated beacons that will form a trail during 2023. We will also be recruiting 23 community leaders to

join our Cultural Champions and Ambassadors who will help develop and shape the 2023 programme. We will create an open access fund for local community and cultural projects as well as deliver a year of large scale events and initiatives designed and delivered with our arts community and young people.

Culture Programme

- 4.7.3 The Council will continue to invest in the key flagship events such as Mela, Pride, The Ends and the Croydon Food & Music Festival, alongside the further development and funding of music events via the Croydon Music City programme.
- 4.7.4 Street Live 2020 is already being planned for the period from June to August which will take it to its third year. Whilst there may be fewer events due to large sporting activities such as Euro 2020 and the Olympics – those planned will be more impactful and there will be more themed weekends. Wimbledon screenings will return to the High Street as well as the Beach weekend which was so successful in 2019.
- 4.7.5 We are seeking further spaces to curate and display public art, including planning for the hoardings around the Fair Field site, and installations for the plinths at Carolyn House.

Meanwhile Activity

- 4.7.6 Following the success of the meanwhile interventions and activity over the last two years, our focus during 2020/21 will be principally on Northend and the Whitgift Centre, to ensure that these spaces remain vibrant and attractive, and drive footfall to our high street businesses. These activities will be curated by the Council's culture, economic growth and placemaking teams, including developing further proposals for empty shops, and providing a testbed for innovative business, community and art-led uses in the town centre.
- 4.7.7 The table below sets out the updated budgets for the Culture and Meanwhile Programme over the next 3 years.

Project/Initiative	GZ funding approved 19/20-22/23(£000's)	Updated funding requested 20/21-22-23(£000's)
Borough of Culture	0	250
Croydon Lit	1,000	800
Sports Events	0	200
Culture Programme	500	2,250
Total	1,500	3,500

4.8 Employment and Skills

- 4.8.1 Supporting the Council's training and employment service, Croydon Works, is an essential part of the Growth Zone programme. With the additional investment provided by the Growth Zone funding the Croydon Works team has

expanded to support the construction sector. The service provides a valuable route to employment for local people and likewise supports the skills and resources required by developers to deliver their developments. In addition, our Economic Growth team work closely with local, regional and national businesses to support existing businesses and attract inward investment into the borough.

4.9 Progress to date

- 4.9.1 To date, the Croydon Works service has supported over 1,500 Croydon residents into jobs, training or work experience, and made positive links with over 500 employers. This year, this included the first Croydon Works Women in Construction training programme, with 8 women completing work placements, and 2 already finding work. The next cohort of the 'She Constructs' programme launched this month. Croydon Works has been expanding its outreach and partnership approach across the borough, targeting residents who are long-term unemployed, or young people not in education, employment or training, in particular through the positive partnerships developed with the job centre plus network locally.
- 4.9.2 Under the umbrella of the Choose Your Future Campaign, a programme of activities has been delivered by the Croydon Apprenticeship Academy – a one stop partnership with Croydon Works, training providers and the council to deliver quality information and guidance to residents seeking to become apprentices and businesses looking to recruit.
- 4.9.3 Croydon Works has worked closely with the Economic Developments Apprenticeship Team to provide supported recruitment into good quality apprenticeship schemes. Launched on Choose Day Tuesday in March 2019, the council launched the 100in100 campaign which sought to deliver 100 apprenticeship opportunities for local residents with employers across the borough in the 100 working days between 5th August and 20th December 2019.
- 4.9.4 These successful campaigns has created 122 new apprenticeship opportunities and more than 40 upskilling apprenticeships (existing staff retraining through apprenticeship standards) across a breadth of apprenticeship standards.
- 4.9.5 In the last year, several new organisations have located their headquarters or regional centres in Croydon town centre, ranging from HM Revenue and Customs becoming the first anchor tenant at Rusking Square with 184,000 square feet of new office space, to Green Network Energy, with their head office based on Dingwall Road.

4.10 No change to the proposals for the next 3 years:

- 4.10.1 The Growth Zone programme has currently allocated £800,000 to support the Croydon Works service until 2023 . No change to the approved funding profile is sought against this workstream.

Project/Initiative	GZ funding approved 19/20-22/23(£000's)	Updated funding requested 20/21-22-23(£000's)
Croydon Works	800	800
Total	800	800

4.11 Place and Public Realm

4.11.1 Improvements to streets and public spaces are required, alongside better local connections to facilitate a public realm that is befitting of a modern, prosperous Town Centre. Appendix 3 contains a map of the planned Growth Zone public realm investment and the relationship with the Croydon Opportunity Area Masterplan Areas.

4.12 Progress to Date

Meanwhile Projects

4.12.1 A number of award-winning precursor/meanwhile use projects were delivered in 2017/18 which included the creative Ground Art installations; the College Square installation; the College Road 'Street Park'; High Street pedestrianisation (including a series of installations such as Ground Art pieces, a parklet, light art trail, and greening). Both the College Square installation and the High Street pedestrianisation supported the programme of events delivered by the culture sub-group.

4.12.2 This provided an important platform for collaboration and the development of further projects, began to change patterns of behavior and improve the use of these places. Such 'placemaking' is a vital components of long term sustainable growth, development, regeneration and improving perceptions of the town centre. A key achievement this year was winning the 'Meanwhile' category at the New London Awards 2019 for the town centre meanwhile activity

Minster Green

4.12.3 The design brief for the green open space and the forecourt adjacent to the Croydon Minster was established in 2018. The brief frames the renewal of the public space immediately around the church, being a step towards creating a space that is a heritage destination, will raise the profile of Croydon's rich heritage and provide a valuable public space for the existing and future local community.

4.12.4 The Minster Green project is nearly designed to RIBA Stage 3, with specialist play designers Erect Architecture appointed to undertake the detailed design for play equipment within the new landscaped space. Engagement on the design proposals has included constructive dialogue with the Diocese and a site tour to explain the designs, along with a public exhibition of the proposals in March last year, inviting feedback from the local community. The designs were

also critically reviewed by the Council's Place Review Panel. Following this engagement the increased focus is on making the Minster a destination, whilst designing a deliverable scheme. Construction of this project is due to start in 2020.

Fair Field

4.12.5 Interim public realm improvements to the area around Fairfield Halls were delivered in part through the consented College Green redevelopment and in time for the Fairfield Halls re-opening in Autumn 2019. The Council has commissioned a world class design team, led by MICA Architects, for the permanent Fair Field public realm and landscaping proposals to provide a public space Croydon can be proud of, and that is an integral part of the renewal of the Croydon Opportunity Area and delivery of Croydon's Cultural Quarter, anchored by the new Fairfield Halls. The commission is underway with the first round of public engagement scheduled for early 2020.

4.13 Updated proposals for the next 3 years

COA Masterplans – Public Realm projects

4.13.1 We will continue to prioritise the Old Town and Mid Croydon Public Realm projects and Masterplan components. Following the commencement of the delivery of Minster Green and the development of design proposals for the Fair Field public realm in 2020 the focus will be on public realm and placemaking on St John's Road, Waddon Road, Rectory Green and Katharine Street, Mint Walk and Fell Road (subject to dependencies related to associated development activity).

4.13.2 In addition we will continue to provide spatial planning and placemaking guidance and oversight to planned improvements to Queen's Gardens.

Public realm elements and collaboration with other Growth Zone workstreams

4.13.3 The council's placemaking team will be involved in the development of key public realm proposals as part of major transport projects including the Growth Zone Transport Corridors, the Old Town/Roman Way Liveable Neighbourhoods programme. Similarly, we will have joint oversight of the developing plans and programme for the implementation of the masterplan for Park Hill Recreation Ground.

Project/Initiative	GZ funding approved 19/20-22/23(£000's)	Updated funding requested 20/21-22-23(£000's)
P1 – Old Town Public Realm	5,715	5,230
P2 – Mid Croydon Public Realm (incl. North End & Crown Hill)	22,662	10,496
P3 – East Croydon Public Realm	4,586	100

P5 – West Croydon Public Realm	1,400	450
P8 – Fair Field	10,000	7250
Total	44,363	23,526

4.14 Transport and ‘Corridors’

4.14.1 The Growth Zone includes a significant investment towards the local transport network to cater for the projected growth in residents and visitors. Through the assessment of future growth and travel patterns, a range of schemes have been developed which will ensure people can travel in, out and around Croydon safely and efficiently. These include projects that are located in the town centre, including major infrastructure works to the two central Croydon stations, and schemes that have a broader geographic scope, to improve access to and from the town centre from the wider borough and beyond, whilst also focusing on reducing car use and increase provision and accessibility for walking, cycling and public transport.

4.15 Progress to Date

Brighton Main Line & East Croydon Station

4.15.1 Currently the Brighton Main Line suffers from a severe bottleneck at Croydon which causes immediate and knock-on delay across the network every time an incident occurs and restricts capacity to run more trains to meet future passenger growth, which will cause significant overcrowding in the years ahead unless action is taken. Network Rail has a design team working on the Brighton Main Line upgrade and the Council is working closely with Network Rail and their consultants on the emerging details to bring forward major changes to the railway network in central Croydon to address the governing operational constraints. This will provide more reliable, more frequent and faster services, and expand capacity to allow for higher numbers of commuters to and from Croydon and beyond. Network Rail is currently working towards the submission of an Outline Business Case to the Department for Transport for the scheme in early Summer 2020, followed by public consultation on the proposals in June / July 2020.

4.15.2 London Continental Railways (LCR) has been commissioned to support Croydon’s work on the project. LCR offer station-orientated commercial development and regeneration expertise and are working with the council on the following key areas:

- East Croydon Strategic Regeneration Framework;
- East Croydon Economic Development Study;
- Croydon Area Remodeling Scheme Industrial Estate Relocation Study.

4.15.3 These pieces of work are expected to be completed by mid-2020 and the Strategic Regeneration Framework is expected to form an evidence base document for Croydon’s Local Plan

West Croydon Station

- 4.15.4 The Council commissioned a multi-disciplinary project team to assess potential options associated with the redevelopment of West Croydon Station. The work focused on the development of concept design options for station reconfiguration and development opportunities, and was completed in February 2019.
- 4.15.5 Over the last 6 – 9 months Croydon has been working with Network Rail and Transport for London to better understand the future operational requirements for the rail and tram network in the West Croydon area. Whilst this is not fully resolved, some further design work on the station site is due to commence in early 2020.

Trams

- 4.15.6 The Council and TfL are continuing to investigate further options to improve the tram network capacity, including a potential second tram depot, in response to projected significant increases in patronage once the major developments have been realised in the Town Centre over the next few years. The TfL Business Plan allocates circa £100m for replacement of the original tram fleet, and this provides an opportunity to acquire additional trams to increase capacity. A number of options are being assessed, with a decision on next steps due in 2020.

Buses

- 4.15.7 A combination of strategy, design and delivery work has been undertaken in relation to the bus network in Croydon 2019. TfL also implemented a number of route changes affecting services in central Croydon. The Council is working with TfL on wider bus priority measures that support bus access improvements to and from the town centre. Several bus priority schemes were designed during 2018 and 2019, with the intention to commence delivery of some small scale projects in 2020. The Council has been working with TfL to consider potential changes to the way buses stop and stand in the town centre in response to the masterplan aspirations and the changing highway environment.

Fiveways

- 4.15.8 TfL and Croydon Council consulted on major proposals for the Croydon Fiveways junction in 2017. Cabinet Members endorsed the Fiveways scheme design in September 2018. As the project has progressed, the junction design proposals have been amended to improve the pedestrian environment and public realm, include sustainable drainage and improved acoustics, and more comprehensively accommodate the needs of cyclists in support of the Mayor's Transport Strategy. Over the last year, TfL have been preparing planning application documents for the redesigned junction, and preparing a business case for their internal governance and sign off process. We are working with TfL and Network Rail to secure the land necessary for the upgraded junction proposals. A planning application is expected in the first half of 2020.

Brighton Road / Mitcham Road / London Road Corridors

- 4.15.9 These three roads have been identified as the key 'movement corridors' serving the Growth Zone and it is essential that their design, and the priority afforded to each transport mode, responds appropriately to the future needs of Croydon Town Centre and better deliver the Mayor and the Council's [Healthy Streets](#) objectives. The nature of interventions are being determined by the design process and engagement with residents and businesses in the area, and the council's objectives for these key routes align with both the [Council's Cycling Strategy](#) and the Mayor's Transport Strategy focus on prioritising walking, cycling and public transport. Initial feasibility reports have been completed for London Road and Brighton Road, and further survey work will be commissioned prior to progressing holistic plans for these key routes. Local public realm improvements at two key sites on the London Road are being developed as initial short-term projects with a local engagement programme starting in early 2020. Outline design work and modelling is nearing completion for the Mitcham Road corridor, incorporating the Old Town and Roman Way 'Liveable Neighbourhoods' programme, having successfully bid for TfL funding. Croydon Council are working with TfL to prepare and model improvements to Lombard roundabout, Thornton Heath Ponds gyratory and the Purley gyratory, which form part of the broader corridor programme.

Walking and Cycling

- 4.15.10 New cycle paths have been installed at Bedford Park and at Fairfield, (the latter, as part of the enablement works to support the opening of the Halls). Cycle schemes have been completed in Lloyd Park, Wandle Park and Park Hill Recreation Ground.
- 4.15.11 Further proposals have been developed for walking and cycling improvements in the Town Centre – for the High Street, Old Town and East Croydon – which will be progressed further this year. Design work is being progressed for routes connecting into the Town Centre including as part of the 'Corridors' programmes. The proposals will improve conditions for walking and enhance the pedestrian experience by enhancing crossings, signage, footpaths etc.
- 4.15.12 As noted above, £9.56million of TfL 'Livable Neighbourhoods' funding has been secured for the Old Town and Roman Way area, to be used for improvements to walking and cycling infrastructure, public realm, freight consolidation and travel behaviour change.

4.16 Updated proposals for the next 3 years

- 4.16.1 Reflecting the programme of development in central Croydon, and also responding to the extended time and resource required to progress some of these key projects via the required business planning and governance processes at TfL and Network Rail, the Council are proposing to significantly reduce the profile of expenditure for many of the major transport infrastructure projects in the short term, with major expenditure anticipated

after 2023.

Brighton Road / Mitcham Road / London Road Corridors

- 4.16.2 Survey, design and planning work will progress on the three Corridor programmes, including prioritisation of the Liveable Neighbourhoods programme as part of the Mitcham Road corridor. The Council have appointed a design and engagement team led by Carver Haggard to work with local communities to develop corridor-wide placemaking and identity proposals for the London Road, along with more detailed plans for two key public realm sites in Broad Green and Norbury, which will be tested on an interim basis over the coming year. As plans for walking, cycling and bus priority improvements are developed for the Brighton Road, we will be starting to engage with local residents and businesses, and plan for the phased implementation of improvement works.

Brighton Mainline CARS project

- 4.16.3 We will have more detail on the proposals to significantly re-model the railway line and associated infrastructure between East Croydon and Selhurst over the coming year, following the Network Rail submission of their Outline Business Case to the Department for Transport this summer. We are bringing forward the Council's proposed expenditure to reflect Network Rail's updated programme for the project.

Chepstow Road junction with Addiscombe Road

- 4.16.4 This is a critical junction, providing access to the Growth Zone from the east, whilst providing a strategic east-west traffic movement function. Achieving an appropriate balance between the various modes of transport using this junction is essential if efficient access to and from the Town Centre is to be achieved. Work on this scheme was been put on hold in 2019/20, but initial scoping and modelling will progress in 2020/21.

COA Traffic Management

- 4.16.5 There is a need to better manage the change in traffic demand and flow following the town centre redevelopment, to reduce congestion and direct drivers to available parking, whilst also, where possible, helping travellers to change from using their cars. We will align with upcoming smart technologies such as those developed for Smart Parking to ensure a future-proof and sustainable infrastructure for the town centre.

Project/Initiative	GZ funding approved 19/20-22/23 (£000's)	Updated funding requested 20/21-22-23 (£000's)
Trams – 1st Phase Network Enhancements and additional studies	26,775	1,245
Trams - George Street Tram Stop	1,081	140

Rail – West Croydon Station	11,410	1,810
Rail - Brighton Main Line (CARS), including East Croydon Station	1,000	2,000
Buses – Bus Priority	4,900	760
Buses – Bus Route Upgrades	10,000	200
Walking & Cycling Programme	14,194	3,400
Traffic Management/Variable Message Signs	1,000	1,000
Streets – A232 Chepstow Road / Addiscombe Road	4,120	90
Streets – Brighton Road Corridor	4,900	3,910
Streets – London Road Corridor	8,280	4,210
Streets – Mitcham Road Corridor	6,503	2,600
Streets – Fiveways	19,985	13,060
Streets - Wellesley Road Crossing	1,500	909
Delivery & Servicing Management	100	100
Total	115,748	35,434

4.17 Parking

4.17.1 The Parking workstream looks at assessing current and future demand, supply and displacement for parking as will be impacted by new developments and ensuring the on-going provision of a balanced and accessible parking arrangement in the Town Centre and surrounding areas. It also aims to explore advancements in technology and how these may be used to make parking easier and more efficient to manage.

4.18 Progress to date

4.18.1 The parking sub-group commissioned a parking review to understand the current supply and demand profile of parking provision and to understand the changes and impacts over the next 3 years, so that a balanced approach can be applied to deliver adequate provision. The commission involved detailed parking stress surveys in the town centre and surrounding areas together with surveys of the types of vehicles using the provision to understand how these factors could be affecting local air quality.

4.19 Updated proposals for the next 3 years

4.19.1 Over the next 3 years, the Council will plan, consult on and implement changes to and extension of existing Controlled Parking Zones, to better manage the impact of parking on the town centre. We will also invest in smarter parking

technologies that better manage the flow of traffic to available parking spaces, in order to reduce congestion levels and hence reduce air pollution.

Project/Initiative	GZ funding approved 19/20-22/23(£000's)	Updated funding requested 20/21-22-23(£000's)
Comprehensive assessments of existing & potential Controlled Parking Zones / Design and Implementation	1,000	1,000
Parking – on and off street technology	200	125
Total	1,200	1,125

4.20 Construction Logistics

4.20.1 The Council as a local traffic authority has a Statutory Duty to facilitate expeditious movement of traffic on our roads and a dedicated officer has been appointed to oversee this area of work in the Growth Zone. A Construction Logistics sub-group is responsible for planning and overseeing measures that minimise the impact of the construction activity in the Town Centre and on adjoining roads. The Council works with contractors to ensure sites are safe and take into consideration other road users including pedestrians, cyclists and those with mobility or sensory impairments.

4.21 Progress to Date

4.21.1 Significant planning was carried out to determine the timeline of projects, anticipated vehicle load and analysis of Croydon's highway network to understand the impact of construction on the town centre. Based on this work a Construction Logistics Plan Guidance Document was developed. This contains a range of measures that are required from all developments taking place within and near to the town centre, to ensure vehicle movements are planned efficiently and in a manner that minimises the impact to residents and visitors. This document is regarded as a national leader in the field of construction logistics and highways management by a number of industry bodies and forums, with a number of local authorities requesting copies to incorporate the principles into their own planning frameworks.

4.21.2 In preparation for the rapid increase in construction and Heavy Goods Vehicles (HGVs), a number of initiatives were implemented to keep Croydon moving and open for businesses at all times, including improved communications around planned disruption the transport network (including the launch of the 'Croydon Travel' twitter account); a monthly Construction Logistics Forum with contractors and developers; monitoring and enforcement of HGVs in relation to emission levels and parking and/or traffic offences; limiting HGV traffic in peak periods and the creation of HGV holding areas where vehicles can park and wait to be called to site when they are required rather than queuing outside development sites.

4.21.3 The Council has completed an innovative utility collaboration project with the GLA, working with all major utilities and developers to ensure utility works are coordinated and to minimise the impact of essential works. This will also have wider benefits across the borough.

4.21.4 Successes and achievements over the last year include winning the following awards for the council’s construction logistics programme:

- The Planning Awards 2019, Planning Permission of the Year Award in connection with the 101 George Street development, soon to be the Europe’s tallest modular, prefabricated building.
- Highways Awards 2019, Highways Maintenance Efficiency Award

4.21.5 We have also been shortlisted for three further awards under the London Transport Awards 2020:

- Most effective road safety, traffic management and enforcement
- Transport team and Partnership of the year
- Excellence in technology

4.22 Updated proposals for the next 3 years

4.22.1 The funding requested for the next 3 years continues much of the work already established by the Construction Logistics workstream, including further development of travel demand and navigation management approaches, HGV consolidation, utility co-ordination and associated signage, communications and enforcement activities.

Project/Initiative	GZ funding approved 19/20-22/23 (£000’s)	Updated funding requested 20/21-22-23 (£000’s)
Growth Zone navigation app + updates/Urban Data Platform	150	150
Vehicle Consolidation Centre	400	400
CCTV monitoring	270	155
Utility Co-ordination	150	65
Travel Demand Management	200	179
Vehicle Management Signage	200	135
HGV Emission Control and Monitoring	160	140
Enforcement	110	90
LBC/Utility/Developer Co-ordination Workshops and Forum	50	50
Communications	50	40
HGV Holding Areas	100	70
Total	1,840	1,474

4.23 Smart City

4.23.1 The Smart City workstream's primary objective is to ensure that the Council makes the best use of technology and data opportunities to better respond to the challenges inherent in the regeneration of central Croydon, build capability and attract further investment.

4.23.2 The priority areas for the Smart City workstream are digital connectivity, the Internet of Things and capture and best use of data. In July 2019 the Council set out its Digital Strategy 2019-2024, which offers an ambitious vision of a truly digital Council and borough under three core themes, and an additional cross-cutting theme:

- Digital Council
- Digital Services
- Digital Borough
- Data and collaboration

4.24 Progress to Date

Digital connectivity

4.24.1 Exploratory work has been undertaken in relation to improving digital connectivity in the Growth Zone and pan-Croydon, leveraging both public and private investment. The Council engaged with fibreoptic providers to explore a variety of schemes to deliver full fibre to residents and businesses. This included:

- Progressing the development of a proposal to DCMS Local Full Fibre Networks challenge fund, in partnership with Coast to Capital LEP and its members as well as discussing partnership opportunities with Network Rail.
- Early dialogue with providers on the deployment of full fibre network to premises for social housing estates across the borough, with affordable entry-level prices and digital inclusion activities.
- Regular conversations with providers to push for more and faster upgrade of their network, in particular fibre to the premises for businesses in the Town Centre, district centres and growth corridors.

The Internet of Things (IoT)

4.24.2 As part of Croydon's approach to becoming a smart city it aims to become a recognised IoT testbed to develop innovative solutions for a wide range of purposes. The Council established a Low Power Wide Area Network (LPWAN) for IoT development. The network is free to use for experimentation and prototyping of IoT solutions. Croydon Council, in partnership with Digital Catapult, ran an IoT innovation challenge measuring the impact of construction sites on air pollution to help collect relevant data and address this challenge in such a way to minimise and mitigate the negative impact.

Urban Construction Asset Management Project

4.24.3 The Council was awarded an £80,000 grant by Department for Transport of to trial a new system and technology to preventatively identify roads defects and damages using connected vehicle technology and machine learning to assess road quality and trigger alerts for early maintenance intervention. The solution was directly embedded in the Urban Data Platform developed for the Growth Zone Construction Logistics Workstream.

Digitisation of CCTV

4.24.4 Feasibility studies were conducted which identified that the existing CCTV infrastructure was at the end of its life and due to its predominant analogue nature would not integrate nor be sustainable in a Smart City environment. Due to the priority of this upgrade, in October 2019 Cabinet approved a further £1M capital funding to ensure that CCTV digitisation improvements are secured across the whole borough.

4.25 No change to the proposals for the next 3 years (including uplift for CCTV approved in October 2019):

Project/Initiative (Numbers refer to actions in Digital Borough theme under Smart City commitments)	GZ funding approved 19/20-22/23 (£000's)	Updated funding requested 20/21-22-23 (£000's)
1-4 & 11. Coordination and facilitation of business growth events and activities to support tech sector and skills	127.5	127.5
7. Digital challenge - growth themed innovation	135	135
8-9 & 16 smart city innovation pilots and delivery of ongoing projects	1,458	1,458
Digitisation of CCTV	0	1,000*
Total	1,721	2,721

*Cabinet approved in October 2019

4.26 Energy

4.26.1 This workstream is focused on opportunities for improvements to the town centre energy network, including scope for more efficient energy production, storage and management, and the harnessing of more sustainable energy sources including renewable technologies.

4.26.2 The existing density and mix of property types within the COA Planning Framework are already well suited to the development of district heating as a

means of providing low carbon, low cost heat. The council has long recognised the opportunity provided by this scale of development to deliver an extensive heat network as a means of moving from natural gas as the dominant fuel for space heating to a low carbon/lower cost renewable alternative.

4.27 Progress to Date

4.27.1 The proposal for a town centre district heat network would be to supply both existing civic buildings and major new developments, future proofing capacity for further development of the network and expanding supply. Initial feasibility work undertaken in 2017 to scope options for a town centre district energy network looked positive, both commercially and technically, and the GLA contributed £150,000 to help take this project forward. In particular this flagged the potential for an energy centre located in Wandle Road car park, adjacent to the Brick x Brick development site. Specialist consultancies WSP and Arup were appointed via the Mayor of London’s Decentralised Energy Enabling Project (DEEP) to undertake initial feasibility studies and assess the viability of the project, both commercially and technically. This report is due in Spring 2020. Currently, expert advice indicates the most viable option for developing the network is to connect to the Viridor Beddington waste facility to capture the heat that would otherwise be vented to the atmosphere. However, if established, the network could take heat from any future low or zero carbon source in future – e.g. large scale heat pumps using zero carbon electricity, advanced waste management technologies (anaerobic digestion or pyrolysis).

4.27.2 Alongside the analysis of proposals for a new energy centre/network, other decentralised energy projects including community energy are being further developed with the aim of reducing carbon emissions and lowering energy costs.

4.28 Updated proposals for the next 3 years:

4.28.1 The heat network viability report being prepared by consultants WSP and Arup will be issued in Spring 2020, and a decision on whether to proceed with proposals is likely to be taken in the summer. If progressed, the design and build of the network would commence later in 2020.

Project/Initiative	GZ funding approved 19/20-22/23(£000’s)	Updated funding requested 20/21-22-23(£000’s)
Feasibility/Viability	100	0
Future works (subjected to review)	0	1,020
Total	100	1,020

5. CONSULTATION

5.1 Engagement activities continue to be delivered in alignment with the Growth Zone programme and the 5-year Stakeholder Engagement Strategy. With the positive changes in the pipeline for the heart of Croydon, engagement with local

people, residents, businesses and other stakeholders has continued to be at the forefront of the Growth Zone programme, allowing for consistent and meaningful dialogue with those that will benefit as well as those that will be impacted by the change.

- 5.2 The council and our partners have prioritised keeping stakeholders involved, engaged and informed about the redevelopment of the town centre. Examples of how this has been achieved are set out below:

Croydon High Street Pedestrianisation Scheme

- 5.3 This project involved engagement with local advocacy groups, residents, pedestrians, cyclist and business owners located in the High Street as part of a 12-month trial. The exercise undertaken consisted of a “before and after” opinion survey that involved face-to-face interviews with over 400 local people and visitors to the High Street over a 2-week period. The survey provided both qualitative and quantitative data associated to the High Street, its newly repurposed space and meanwhile interventions including a summer and winter programme of events. The results of this survey supported a decision by the council to close the High Street to vehicles permanently.

“Keeping Croydon Moving” Travel Demand Management: Business Engagement

- 5.4 The Growth Zone team commissioned specialist consultants to deliver a Travel Demand Management programme of engagement with businesses impacted by construction and construction traffic. This engagement involved identifying the service delivery needs of businesses ensuring business continuity isn't adversely compromised, providing information about alternative travel options and modes of transport available to them during a period of disruption. A branded business support pack was produced for dissemination to businesses impacted. This engagement also fed into the Croydon Town Centre Construction Logistics Forum attended by developers and contractors currently working on site in the Town Centre.

Minster Green Public Realm Improvements

- 5.5 To date engagement has included a focus group session held with key stakeholders in January 2019, public exhibition in March 2019 (which included a guided heritage tour), Youth and Beavers, Cubs and Scout design sessions in the spring of 2019 and RIBA Stage 2 completion in March 2019 followed by early engagement sessions and submission with the Diocese Advisory Committee in March, April and May 2019.

Park Hill visitor survey

- 5.6 Building on the consultation undertaken during the development of the high level masterplan for Park Hill Recreation Ground, the Council undertook a survey of visitors to the park in the summer of 2019, to build baseline data of the existing profile of park users. This will be used to monitor against attendance, interaction and feedback to the upcoming programming and play

events in the park, and further surveys will be undertaken to gauge any changes to visitor numbers and demographics over coming years as the phased implementation of the masterplan takes place.

5.7 Future Growth Zone Engagement and Consultation Plans

There will be numerous opportunities for engagement and consultation on the planning for and implementation of Growth Zone projects over the coming years. Highlights in the coming year include:

- Network Rail formal public consultation on the proposals for upgrades to the Brighton Mainline, and the associated plans for changes to East Croydon station
- Local community and business engagement as part of the London Road Transport Corridor placemaking and identity project, led by Carver Haggard and The Means
- Croydon Museum exhibition outreach and engagement programme, which will include a particular focus on reaching young people
- Park Hill Park pop up play events programme and evaluation
- Town centre subways ideas competition (shortlist to be announced in February 2020)
- Social impact consultation and research report
- Town centre community facilities research, including engagement with the voluntary and community sector and key local community infrastructure stakeholders

6. PRE-DECISION SCRUTINY

- 6.1 The Growth Zone programme was reviewed by Scrutiny and Overview Committee on 29th October 2019, but the updated funding and expenditure profile presented in this paper was not reviewed at that meeting. Feedback from Scrutiny has informed the content of this report. The Committee reviewed each workstream in some detail. In particular, discussion at Committee related to the Growth Zone financial structure and management, how the programme can best respond to a changing external environment and flex to accommodate amendments to development proposals for the town centre. Recommendations for the programme's risk analysis and risk management have been reflected in this paper.

7. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

7.1 Revenue and Capital consequences of report recommendations

	Current year	Medium Term Financial Strategy – 3 year forecast		
	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
Capital Budget available	8,314	21,458	60,000	78,000
Re-profiling of budget	-3,444	-7,028	-29,000	- 50,300
Revised Budget	<u>4,870</u>	<u>14,430</u>	<u>31,000</u>	<u>27,700</u>
Effect of decision from report				
Expenditure	<u>4,870</u>	<u>14,430</u>	<u>31,000</u>	<u>27,700</u>
Remaining budget	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

7.2 The effect of the decision:

The recommendation in this report will re-profile the budget from £167,772 million to £78 million for financial years 19/20 through to 22/23. This is so that the capital budget remains in line with anticipated expenditure. The overall program size across its life remains unchanged.

7.3 Risks:

The Growth Zone is subject to a governance process where the risks are reviewed on a regular basis. The key risks of the Growth Zone are set out below:

- The Growth Zone financial model is based on anticipated future business rate income, which would enable the Council to repay its borrowings. Any significant changes to future income streams will impact on the viability of the Growth Zone. Sensitivity analysis has been undertaken to provide confidence that the modelling can respond to unforeseen circumstances to include changes to interest rates, increases in costs and reduction in income from business rates uplift. Financial modelling will continue throughout the life of the Growth Zone. The borrowing levels depend on the satisfactory progress of developments occurring in the Town Centre which will bring about the uplift in business rates used to repay the debt. If these developments slip, the amount to be borrowed in future years could be affected and if so this variation will be reported to Cabinet
- Any overspends in early programmes will impact on the funding available for later projects and programmes. Expenditure and delivery of projects will be managed by the Growth Zone Steering Group and Working Group. Any unavoidable overspend will mean a reduction in funding available for projects planned for the future.

- Project and programme delays could impact on the success of the Growth Zone. Governance arrangements are in place with partners and stakeholders to ensure clear understanding of roles and responsibilities. Regular meetings of the Growth Zone Steering Group and Working Group is a practical method of monitoring project management and the early identification of any delivery issues for attention.

7.4 **Options**

The only option proposed is to amend the profiled budget to better align to the timescales of development sites.

7.5 **Future savings/efficiencies**

As further work is undertaken in the Growth Zone, a specific aspect will be the consideration of procurement routes and the packaging up of individual projects to identify and achieve cost efficiencies. The Growth Zone Steering Group brings all partners together to ensure the sharing of information and this will be the forum to facilitate much of these activities.

Approved by: Ian Geary, Head of Finance for Resources & Corporate Finance

8. LEGAL CONSIDERATIONS

- 8.1 The Head of Litigation and Corporate Law comments on behalf of the Director of Law and Governance that in taking any decisions pursuant to the proposed delegation, the officer decision maker will need to adhere to the Decision Making Protocol within Part 4G of the Constitution, the provisions of Part 4B of the Constitution in relation to Access to Information including the publication, where required, of key decision notices and will need to adhere to the provisions of the Budget and Policy Framework Procedure Rules at 4C, including ensuring that any such decision is not contrary to the Council's policy framework and is not contrary to and is wholly in accordance with the budget approved by Full Council.

Approved by: Sandra Herbert Head of Litigation and Corporate Law on behalf of the Director of Law and Governance and Deputy Monitoring Officer.

9. HUMAN RESOURCES IMPACT

- 9.1 There are no direct staffing implications for LBC as a result of these recommendations.

Approved by: Sue Moorman, Director of Human Resources

10. EQUALITIES IMPACT

- 10.1 A key priority for the Council is to work with our partners to make Croydon a stronger fairer place for all our communities. Croydon's Opportunity and Fairness Plan 2016-20 outlines actions to tackle inequalities such as

educational attainment, health, homelessness, unemployment, crime and social isolation, particularly in the borough's 6 most deprived wards. Successful delivery of the Growth Zone interventions and projects outlined in this report will create more opportunities for Croydon residents and contribute towards greater equality, fairness and better outcomes for all.

- 10.2 An Equalities Analysis was completed in September 2020 (see Appendix 1) for the Growth Zone programme as a whole. This found that the programme will have a positive impact for all protected groups that share protected characteristics. These include improved accessibility within the street environment and access to public transport, a cultural offer that supports routes to employment and training opportunities; and safe and reliable public transport and walking and cycling routes.
- 10.3 Further Equalities Analyses are being undertaken for each individual Growth Zone project as these progress through the design stages. The Growth Zone programme governance sets out that individual workstream sub-groups will ensure this occurs and where necessary action will be taken to mitigate any negative impacts on groups that share a protected characteristic. In addition, in exercising any delegated decision making, the officer in question will ensure that equality and inclusion issues are appropriately explored and considered by the decision maker prior to such decisions being taken.

Approved by: Yvonne Okiyo, Equalities Manager

11. ENVIRONMENTAL IMPACT

- 11.1 Projects included in the Growth Zone are being delivered in line with current environmental requirements and the Local Plan policy which promotes, as part of sustainable development, the consideration of environmental impacts. For example, the Growth Zone transport, corridors and public realm projects include specific objectives focussed on improving air quality, increasing urban greening, tree planting and shading and provision of sustainable drainage. We are enhancing facilities for healthy and sustainable transport, targeting the shift from car use to walking, cycling and public transport in line with the Mayor's Transport Strategy targets and Healthy Streets indicators. The Energy, Smart City, Parking and Smart City workstreams are all focused on making best use of available data and technology to reduce the environmental impact of the town centre regeneration, and future population and visitor growth. In response to the Council's Declaration of a Climate and Ecological Emergency, we are reviewing where relevant projects could contribute more to tackling climate change.

12. CRIME AND DISORDER REDUCTION IMPACT

- 12.1 The Borough Commander is aware of the Growth Zone and has requested regular progress reports to enable future planning for policing. The design of public realm schemes will involve liaison and consultation with the Metropolitan Police Service to reduce the risk to personal safety.

13. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 13.1 The decision to progress with the Growth Zone was taken by Cabinet in July 2016 and the Mayor of London in September 2016. Subsequently, Cabinet in December 2017 agreed the Growth Zone work programme for 2018/19. Furthermore, the Government approved the Regulations for the Growth Zone funding mechanism and area in February 2018. Since the inception of the Growth Zone and the initial Development Infrastructure Funding Study (January 2014), it has been understood that the infrastructure required to mitigate the growth planned will not be delivered by existing delivery methods, current funding availability or through planning gain. Therefore, the Growth Zone is essential to enable the delivery of critical and essential infrastructure to mitigate the impact of the growth planned (Croydon Local Plan 2018, Croydon Opportunity Area Planning Framework 2013 and London Plan) for the benefit of existing and future residents, businesses and visitors. The Growth Zone is an innovative approach to fund and deliver this critical and essential infrastructure.

14. OPTIONS CONSIDERED AND REJECTED

- 14.1 As part of the justification for the Growth Zone outlined in the July 2016 Cabinet report the option of not forward funding infrastructure, but to depend upon the market and the provision of infrastructure only through public sector capital funding, CIL and s106 was considered, but deemed unable to deliver the critical and essential infrastructure to mitigate planned growth. This remains the case today, the absence of the Growth Zone is very likely to lead to the accommodation of growth, especially in the Croydon Opportunity Area, without the critical and essential infrastructure identified in the approved Delivery Plan.

15. DATA PROTECTION IMPLICATIONS

- 15.1 WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?

NO

- 15.2 HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?

A DPIA has not been completed as the work of the Growth Zone programme includes no use or analysis of personal data. There are therefore no data protection implications.

Approved by: Louise Edwards, Information Manager

CONTACT OFFICER: Paul Forrester – Head of Growth Zone
07923272923

APPENDICES: Appendix 1 – Equality Analysis

Appendix 2 – Growth Zone governance structure
Appendix 3 – COA public realm projects map

BACKGROUND PAPERS: None

This page is intentionally left blank

Croydon Council

Equality Analysis – Croydon Growth Zone

Stage 1 Initial Risk Assessment - Decide whether a full equality analysis is needed

At this stage, you will review existing information such as national or local research, surveys, feedback from customers, monitoring information and also use the local knowledge that you, your team and staff delivering a service have to identify if the proposed change could affect service users from equality groups that share a “protected characteristic” differently. You will also need to assess if the proposed change will have a broader impact in relation to promoting social inclusion, community cohesion and integration and opportunities to deliver “social value”.

Please note that the term ‘change’ is used here as shorthand for what requires an equality analysis. In practice, the term “change” needs to be understood broadly to embrace the following:

- Policies, strategies and plans
- Projects and programmes
- Commissioning (including re-commissioning and de-commissioning)
- Service Review
- Budgets
- Staff structures (including outsourcing)
- Business transformation programmes
- Organisational change programmes
- Processes (for example thresholds, eligibility, entitlements, and access criteria)

You will also have to consider whether the proposed change will promote equality of opportunity; eliminate discrimination or foster good relations between different groups or lead to inequality and disadvantage. These are the requirements that are set out in the Equality Act 2010.

1.1 Analysing the proposed change

1.1.1 What is the name of the change?

London Borough of Croydon is preparing for significant growth over the next 20 years. **The Croydon Growth Zone** was established in 2014 (and approved at Cabinet in 2016) as a framework for identifying, developing, funding and delivering infrastructure projects in the central area of Croydon, to enable increased economic growth through sustainable development. The Government identified Croydon as a Growth Zone in its 2014 Autumn Statement and subsequently confirmed the designation in the 2015 spring budget.

The Growth Zone programme comprises of 46 projects, totaling £520million of improvements supported by a loan of up to £309.9million with the balance (circa £210million) met from other sources including TfL, the GLA or planning obligations. The business case and detailed background for these projects were included in the Growth Zone Delivery Plan and Programme produced by Peter Brett Associates in March 2018.

Significant progress has been made with town centre developments (including the Whitgift Centre redevelopment) to move to the delivery stage of the Growth Zone programme. The package of

measures aim to support the growing borough through providing enhanced transport capacity, reduced air pollution, an exciting cultural offer and the creation of new jobs as part of a larger, stronger local economy. It is anticipated that the Growth Zone framework will be in place until 2034, when the necessary infrastructure projects will have been fully implemented using funding drawn down from the loan financed by the business rate uplift in addition to funding from various other sources.

1.1.2 Why are you carrying out this change?

Please describe the broad aims and objectives of the change. For example, why are you considering a change to a policy or cutting a service etc.

Context

The Croydon Opportunity Area (COA) is located in the north west of LB Croydon and is a prominent metropolitan centre in south London. It functions as one of the regional centres for London as a whole and for the south-east of England. It also forms part of the Capital to Coast Local Enterprise Partnership (LEP) area.

One of the COA's key strengths is its transportation connections and the COA acts as a key transport interchange for people travelling both north (into London) and south (to Gatwick and Brighton). Future rail upgrades and airport expansion decisions will be critical to the future success of the COA and Croydon. The current physical environment within the COA detracts from people's perceptions of Croydon and is a significant barrier towards attracting inward investment. The redevelopment and renewal of the urban core within the COA is therefore an important catalyst for stimulating change and instilling confidence in Croydon as a place to both live and work and will be critical to Croydon's future.

The proposed change will have a broader impact in relation to promoting social inclusion, community cohesion and integration and opportunities to deliver "social value". Delivering the Growth Zone is a key priority of the administration to support investment in jobs, housing, economic growth and the regeneration of the Town Centre. The benefits of the Growth Zone will be realised across the board with improvements made to transport and the public realm on key corridors as well as greater employment and cultural opportunities.

Why are we considering the change?

In the Croydon Local Plan: Strategic Policies (2016) the need for a total of circa 33,000 new homes was identified for the period 2016-2036, of which at least 10,500 net additional homes to be provided within the Croydon Opportunity Area (COA). Subsequent reviews have suggested that the Borough will see more than 23,000 new jobs created and 15,000 new homes started over the next 5 years. The Growth Zone framework was developed from the Local Plan aspirations and the Opportunity Area allocation in the London Plan (2011), with the Opportunity Area Planning Framework (OAPF) adopted by the Borough as a Supplementary Planning Document in 2013. The geographical scope for the Growth Zone programme was aligned with the Opportunity Area boundaries, with the area to include the urban core from West Croydon Station to the A232, from Old Town to East Croydon Station.

The OAPF identified a need for strategic infrastructure to support the Borough's growth ambitions: "Critical to building a new residential community of 17,000 people is the provision of social and community infrastructure."

And in the context of transport specifically:

"A strategy for sequencing the delivery of infrastructure improvements and securing new funding

will need to be developed in order to manage the delivery of infrastructure in a timely manner.” The OAPF evidence base includes several reports and studies which have subsequently informed the development of infrastructure projects, including the OAPF Strategic Transport Study (2013), five central area Masterplans, Connected Croydon (2011) and the Transport Vision (2016).

In 2014 a Development Infrastructure Funding Study (DIFS) was undertaken to provide an assessment of OAPF infrastructure needs and develop a strategy for infrastructure funding to inform the future planning and funding decisions. The DIFS was evaluated against an agreed level of growth in population, new homes and commercial development in the central area of Croydon. The initial DIFS identified 92 infrastructure projects, including utilities, social infrastructure, environment and transport schemes, at an overall cost of £1.014 billion and with a funding gap of £805 million. The study recommended further business case review and an assessment of potential funding sources, including planning obligations (S106), Community Infrastructure Levy (CIL), Revolving Infrastructure Funds and Business Rates Retention.

A DIFS prioritisation study in 2015 reviewed the project costs and established a priority programme of 39 projects, at a total cost of £492.3m with £59.8m committed and therefore a funding requirement of £432m. It envisaged 26 projects delivered by 2021 and all 39 by 2026. The Growth Zone package of infrastructure projects would be supported by new Council borrowing of £309m and additional funding would be sought from TfL, GLA and developers.

Policy as a driver for change

- A new London Plan is expected by 2019 and it is anticipated to confirm the Borough’s growth strategy and ambitions for the COA.
- The Mayor’s Transport Strategy (2017) identifies several potential transport projects in central Croydon, including significant rail and tram improvements, plus a new emphasis on ‘healthy streets’ that accords with the Borough’s ambitions for an enhanced public realm and better strategic links.
- The previous Mayor’s Vision for Cycling sort to ‘normalise’ cycling across London, making it something anyone feels comfortable doing. This objective continues in the MTS which sets an ambitious 80 percent mode share target for public transport, cycling and walking by 2041.
- The objective of building a ‘smarter city’ also comes through all current London wide policy development, from economic, planning and transport strategies, through environment, energy and digital initiatives. The Smart London Plan (2013) and its 2016 update, The Future of Smart, set out the Smart City framework and key areas of development, which are now being brought forward in Borough plans.
- To ensure the Growth Zone aligns closely with the MTS, slight changes were made to the list of prioritised projects. This included the addition of a Cycling Project (originally identified in the 2014 DIFS but not in the list of 39 prioritised projects) and four Corridor Projects. The Corridor Projects combined existing walking, cycling and bus scheme proposals along strategic routes that serve the Growth Zone with the intention that they would be combined in a holistic scheme in line with the outcomes of a ‘healthy street’.

1.1.3 What stage is your change at now?

See **Appendix 1** for the main stages at which equality analyses needs to be started or updated.

We have an outline programme of improvements and a funding mechanism in place. A detailed Equalities Analysis will be developed as and when the Growth Zone projects evolve and in particular, as detailed feasibility and detailed business cases are prepared for individual schemes.

Equalities Analysis will be an intrinsic part of this as we will need to ensure equality and social inclusion considerations are part of the process. Equality Analyses will be kept under review throughout planning and development, and where necessary action will be taken to mitigate any negative impacts to groups that share protected characteristics.

Please note that an equality analysis must be completed before any decisions are made. If you are not at the beginning stage of your decision making process, you must inform your Director that you have not yet completed an equality analysis.

1.2 Who could be affected by the change and how

1.2.1 Who are your internal and external stakeholders?

For example, groups of council staff, members, groups of service users, service providers, trade unions, community groups and the wider community.

The principal internal stakeholders are the Cabinet Member for Environment, Transport & Regeneration, Chair of Traffic Management Advisory Committee. Other important stakeholders include the Growth Zone Sub-groups and Steering Group, Highways and Parking Services, Planning, Strategic Transport, Economic Growth, Regeneration, Public Health and Environmental Health Teams and other internal departments relevant to the programme delivery.

The external stakeholder groups include residents, businesses, developers, NHS, Police, utilities, digital providers, partnerships such as BID, etc. Also including public transport users, those driving in and through the Town Centre, mobility and disability forums, schools, young people and the wider community including groups that share protected characteristics.

1.2.2 What will be the main outcomes or benefits from making this change for customers / residents, staff, the wider community and other stakeholders?

The majority of the Growth Zone programme consists of public realm and transportation projects within the Town Centre that are aimed at improving and enhancing the public space, transport and highway interchanges and its connecting corridors.

The main benefits of the programme include:

- provision of physical highways and road safety improvements for cyclist and pedestrians
- promotion and facilities to encourage more sustainable and healthier travel modes
- improvements to air quality
- enhancements to public transport capacity
- improved public spaces and accessibility within the street environment
- improved pedestrian permeability and ease of access
- creation a sense of place and character

- more connected Town Centre with its surrounding districts
- improved perception of safety
- improved cultural offer

More specific outcomes per theme are as follows:

Buses

These highway-based schemes are designed to improve the punctuality, reliability and service levels on bus routes that serve the Growth Zone. The projects include measures to isolate buses from congestion and delay; supporting infrastructure to ensure bus stops have sufficient capacity and the necessary levels of passenger accessibility; new bus stands with improved driver welfare facilities; and potentially enhanced bus stations offering improved interchange.

Cycling

These cycling measures seek to create a network of safe and attractive cycle routes across the Borough that connect the Growth Zone with adjacent residential areas. The proposals upgrade the existing London Cycle Network routes and introduce new routes and local links to make the town centre more permeable and easily accessed by cycle.

Corridors

In line with the Mayor of London's Healthy Streets policies the Council has identified three corridors within the Borough where walking, cycling and public transport will be encouraged by creating safer and more attractive environments for these modes of transport. The Corridors identified include London Road, Brighton Road, Mitcham Road and the route identified by the proposed Crystal Palace Tram Extension.

Energy

Energy projects include a requirement for a District Energy Centre to provide heat and potentially electricity to buildings in the Mid Croydon area, with a possible extension to new developments around East Croydon station.

Highways

These projects seek to address significant constraints within the highway network that supports travel to and from the Growth Zone. These projects focus on major junctions on the strategic road network where additional capacity is required to support the tram, bus, cycle and walking networks while still ensuring the efficient movement of goods and services by vehicle. The Highway theme includes two operational projects, one addresses the supply and accessibility of town centre car parking while the other focuses on improving traffic management on the local and wider road networks.

Public Realm

The focus of the public realm projects is improving the environment for pedestrians within the COA by removing barriers to movements and creating attractive spaces that encourage walking and the use of public spaces. The importance of the public realm enhancements is in their role in the integration of facilities, amenities and transport nodes.

Rail

Longer term infrastructure improvements are planned for West Croydon and East Croydon stations. The projects include redeveloping the station buildings and track works to improve accessibility, permeability and increase the number of platforms so providing additional capacity to accommodate greater demand for rail travel to and from Croydon.

Social Infrastructure

This group of infrastructure projects are required to support the current and future social needs of residents within and close to the Growth Zone. Investment in social infrastructure is recognised as key to ensuring a viable, sustainable community in the long term. Requirements arising for social infrastructure in the COA include Education (Schools Provision), Health (Primary Health Care), Employment (Croydon Works - Job Brokerage) and Community Facilities (Community Spaces, Play Spaces, Clocktower Complex upgrade).

Smart City Infrastructure

This group of projects are designed to support new technologies that:

- Deliver efficiency by reducing costs of infrastructure and service provision
- Improve quality of life and wellbeing
- Support growth through job creation and attracting investment
- Enable environmental sustainability (air quality, energy use)
- Create a safe city with reduced crime and quicker emergency responses.

Trams

New track, vehicle stabling and power projects to support an increase to the frequency of services across the tram network but also ensure that the network is more resilient with service performance less impacted by delays and cancellations.

Culture

A programme of events, celebration of art and music and lighting projects. Culture makes a significant contribution to the successful growth agenda through improving the case for inward investment and the Fairfield Halls specifically will be an engine for growth in Croydon's economy. Cultural projects create supportive and educational opportunities for our residents. Initiatives support young people in terms of life chances, routes to employment and their wellbeing. Croydon's cultural offer is an increasingly important part of improving the borough as a place to live, work, study in and visit and have contributed to increasing the profile of Croydon in a positive way. All of this improves the overall case for inward investment and business retention; establishing Croydon as a place with a vibrant cultural offer with places that are engaging and welcoming to spend time in.

A key priority for the Council is to work with all our stakeholders to make Croydon a stronger fairer place for all our communities. Croydon's Opportunity and Fairness Plan 2016-20 outlines action to tackle inequalities such as educational attainment, health, homelessness, unemployment, crime and social isolation, particularly in the borough's six most deprived wards. Successful delivery of the Growth Zone programme outlined above will create more opportunities for Croydon residents and contribute towards greater equality, fairness and better outcomes for all.

1.2.3 Does your proposed change relate to a service area where there are known or potential equalities issues?

Please answer either "Yes", "Don't know" or "No" and give a brief reason for your response. If you don't know, you may be able to find more information on the Croydon Observatory (<http://www.croydonobservatory.org/>)

Yes, there are issues in relation to traffic congestion, way-finding, access to public transport, levels of car ownership for some groups and casualty and accident rates which are known to be higher amongst more deprived communities.

1.2.4	<p>Does your proposed change relate to a service area where there are already local or national equality indicators?</p> <p>You can find out from the Equality Strategy http://intranet.croydon.net/corpdept/equalities-cohesion/equalities/docs/equalitiesstrategy12-16.pdf). Please answer either "Yes", "Don't know" or "No" and give a brief reason for your response</p>
--------------	--

Yes, Croydon is one of largest boroughs in London in terms of overall population and one of the largest populations of children and young people whilst also having an ageing population. The programme is of some relevance to the protected characteristics of age and disability, and will benefit people who share these characteristics by helping to ensure more inclusive design of streetscapes. This will help people who are less mobile to have relatively easier access to essential services and amenities. Social cohesion is promoted via vibrant cultural offer to engage young people from different backgrounds in cultural and community activities.

The programme supports a number of the Council's Equality Objectives as set out in the Opportunity and Fairness Plan for 2016 – 20, namely:

- Employment: Investment in Croydon Works seeks to increase the rate of employment for disabled people, young people, over 50s and lone parents who are furthest away from the job market.
- Attainment: Investment in Croydon Works seeks to improve attainment levels for white working class and BME heritages, including those living in six most deprived wards. The training programme and work placements bring a reduction in the number of adults who have no qualifications in the borough.
- Community Safety: Cultural activities and improvements to social infrastructure look to reduce the number of young people who enter the youth justice system.
- Social Isolation: Transport and accessibility improvements will reduce social isolation amongst disabled people and older people.
- Community Cohesion: Providing a more attractive and vibrant environment and better local amenities seek to improve the proportion of people from different backgrounds who get on well together.
- Health: By creating and developing healthier and sustainable places, the Growth Zone programme seeks to reduce differences in life expectancy between communities.

1.2.5	<p>Analyse and identify the likely <u>advantage</u> or <u>disadvantage</u> associated with the change that will be delivered for stakeholders (customers, residents, staff etc.) from different groups that share a "protected characteristic"</p>
--------------	---

Please see Appendix 2 (section 1) for a full description of groups.

	Likely Advantage 😊	Likely Disadvantage ☹️
Disability	<p>Schools, shops, public realm and public transport are not always fully accessible and restrict access to employment, training and leisure for people living with a disability. People with impaired mobility will benefit from the area wide approach to improving access.</p> <p>The programme includes improvements to</p>	N/A

	<p>footways, including dropped kerbs, tactile paving and adjustment to bus stops to enhance accessibility, improved pedestrian crossings facilities and road safety improvements.</p> <p>The improvements will also deliver improved accessibility within the street environment and access to public transport at rail and tram stations. The work will attempt to design out as many barriers to movement as possible, including step free access, kerbs and steep ramp gradients.</p> <p>Implementation of inclusive design that meets the need of people living with disabilities. Major public realm improvements are planned within the Town Centre each of which is the subject of separate access audits and will look to enhance accessibility.</p>	
Race/ Ethnicity	<p>Cultural offer is designed to be diverse and inclusive of all races and ethnicities. Opportunities presented by the cultural programme support young people from BME backgrounds in terms of life chances, routes to employment and their wellbeing.</p>	N/A
Gender	<p>Car ownership amongst women is lower than that amongst men, suggesting women are more reliant on other forms of transport including walking. This element of the delivery programme seeks to improve the pedestrian environment at local centre and transport corridors. It also seeks to support centre vitality and viability and thus sustain local services more readily accessed on foot.</p>	N/A
Transgender	N/A	N/A
Age	<p>The improvements will look to address the following statement:</p> <p>Children and young people often have their independent mobility curtailed due to concerns over road safety.</p> <p>Convenient, safe and reliable public transport is important for older people to continue participating in society.</p> <p>Safe and attractive walking and cycling routes facilitate travel by means other than the car as a way reducing congestion.</p>	N/A

	<p>The environmental quality and accessibility of the public realm is important for older people. Provision of accessible places to rest and street furniture is essential to encourage older people to enjoy the public realm.</p> <p>Reduction in traffic speeds and congestion increases road safety and improves pedestrian environment and perceived accessibility.</p> <p>Croydon has one of the highest levels of childhood obesity in London where the level is also generally higher than the rest of the country. Making walking and cycling to schools safer and more pleasant reduces childhood obesity.</p>	
Religion /Belief	N/A	N/A
Sexual Orientation	N/A	N/A
Pregnancy and Maternity	<p>Women tend to have less access to cars and are more likely to depend on public transport for making local journeys for shopping, childcare and work. The improvements will deliver ramps and level access in the public realm and on public transport for pushchairs. The schemes will attempt to design out as many barriers to movement as possible, including limitations to step free access, kerbs and steep ramp gradients.</p> <p>The increased accessibility of bus stops and quicker journey times, should benefit people pushing buggies, as should improvements to tram and train services.</p> <p>Croydon Works delivers opportunities for women who have to balance work and domestic responsibilities helping them access suitable employment and training opportunities close to home.</p>	N/A
Social inclusion issues	<p>Social infrastructure, projects yet to be scoped out, will address community cohesion issues. Culture programme will look to engage young people in cultural activities.</p>	N/A
Community Cohesion Issues	<p>Social infrastructure, projects yet to be scoped out, will address community cohesion issues.</p>	N/A

Delivering Social Value	Successful delivery of the Growth Zone programme will create more opportunities for Croydon residents and contribute towards greater equality, fairness and better outcomes for all.	N/A

1.2.6	In addition to the above are there any other factors that might shape the equality and inclusion outcomes that you need to consider?
	For example, geographical / area based issues, strengths or weaknesses in partnership working, programme planning or policy implementation

All improvements have positive outcomes for everyone, however weaknesses in partnership working may result in schemes that don't maximise positive outcomes for groups sharing protected characteristics, in particular schemes undertaken by developers under their planning obligations, schemes in geographical areas that don't have strong representation from relevant age/disability groups, etc.

In developing the Growth Zone programme significant engagement has already taken place and continues with major developers and utility companies to identify infrastructure requirements. With regard to resident groups, including people from protected characteristics, a roadshow is planned to provide information on the various projects and for residents to have their say. The roadshow will support informal and statutory consultation associated with any of the projects. The first phase of engagement will commence in October through to December 2018 and will be delivered in and around the Town Centre, actively engaging with mobility and disability forums, schools and residence associations. All engagement and consultation will be inclusive and cover all protected groups.

1.2.7	Would your proposed change affect any protected groups more significantly than non-protected groups?
	Please answer either "Yes", "Don't know" or "No" and give a brief reason for your response. For a list of protected groups, see Appendix.....

The programme has the potential to affect certain protected groups more significantly than non-protected groups. The analysis has revealed that, generally, the programme will have a positive or neutral impact on all groups that share protected characteristics and will improve the overall quality of life among people in these groups. The protected characteristics of Age, Disability, Pregnancy and Maternity and Race will be positively impacted upon most by the implementation of the Growth Zone programme. More generally, it will have a positive impact on those groups with lower levels of car ownership. Improved accessibility and connectivity to the Town Centre via better transport, cycling and walking links will benefit mobility across the board and social cohesion.

1.2.8	<p>As set out in the Equality Act, is your proposed change likely to help or hinder the Council in advancing equality of opportunity between people who belong to any protected groups and those who do?</p> <p>In practice, this means recognising that targeted work should be undertaken to address the needs of those groups that may have faced historic disadvantage. This could include a focus on addressing disproportionate experience of poor health, inadequate housing, vulnerability to crime or poor educational outcomes <i>etc.</i></p> <p>Please answer either "Yes", "Don't know" or "No" and give a brief reason for your response.</p>
--------------	---

The programme will help the Council in advancing equality of opportunity between people who belong to any protected groups and those who do not as identified. The components of the programme will enable the Council to continue to make adjustments and improve access for people with limited mobility (particularly people with disabilities). It also seeks to aid the active participation via cultural activities and social infrastructure.

1.2.9	<p>As set out in the Equality Act, is the proposed change likely to help or hinder the Council in eliminating unlawful discrimination, harassment and victimisation in relation to any of the groups that share a protected characteristic?</p> <p>In practice, this means that the Council should give advance consideration to issues of potential discrimination before making any policy or funding decisions. This will require actively examining current and proposed policies and practices and taking mitigating actions to ensure that they are not discriminatory or otherwise unlawful under the Act</p> <p>Please answer either "Yes", "Don't know" or "No" and give a brief reason for your response.</p>
--------------	---

The programme is considered neutral in terms of effect on the elimination of unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act in relation to protected groups.

1.2.10	<p>As set out in the Equality Act, is your proposed change likely to help or hinder the Council in fostering good relations between people who belong to any protected groups and those who do not?</p> <p>In practice, this means taking action to increase integration, reduce levels of admitted discrimination such as bullying and harassment, hate crime, increase diversity in civic and political participation <i>etc.</i></p> <p>Please answer either "Yes", "Don't know" or "No" and give a brief reason for your response</p>
---------------	---

The programme will help by improving access to the street environment and increasing independent travel for disabled people and children. These two groups will have increased opportunity to engage with others not from protected groups.

This will continue to help the Council in fostering good relations between people who belong to any protected groups and those who do not.

1.3 Decision on the equality analysis

If you answer "yes" or "don't know" to ANY of the questions in section 1.2, you should undertake a full equality analysis. This is because either you already know that your change or review could have a different / significant impact on groups that share a protected characteristic (compared to non-protected groups) or because you don't know whether it will (and it might).

Decision	Guidance	Response
No, further equality analysis is not required	<p>Please state why not and outline the information that you used to make this decision. Statements such as 'no relevance to equality' (without any supporting information) or 'no information is available' could leave the council vulnerable to legal challenge.</p> <p>You must include this statement in any report used in decision making, such as a Cabinet report</p>	
Yes, further equality analysis is required	<p>Please state why and outline the information that you used to make this decision. Also indicate</p> <ul style="list-style-type: none"> • When you expect to start your full equality analysis • The deadline by which it needs to be completed (for example, the date of submission to Cabinet) • Where and when you expect to publish this analysis (for example, on the council website). <p>You must include this statement in any report used in decision making, such as a Cabinet report.</p>	<p>The programme benefits all but has particular relevance to certain groups of protected characteristics. Scheme specific audits and consultations will be carried out with these groups.</p> <p>The Equalities Analysis has been initiated for the Growth Zone programme as a whole and further analysis will be undertaken as individual projects are progressed through the design stages. The sub-groups will ensure this occurs and where necessary action will be taken to mitigate any negative</p>

Decision	Guidance	Response
		<p>impacts on groups that share a protected characteristic.</p> <p>In addition, in exercising any delegated decision making, the officer in question will ensure that Equalities Analysis are appropriately explored and considered by the Decision maker prior to such decisions being taken.</p> <p>The Growth Zone Equality Analysis is published as a background document to October 2018 cabinet report. The analysis will be reviewed and updated annually when embarking on the preparation of the next year's delivery programme.</p>
Officers that must approve this decision	Name and position	Date
Report author	Maris Puks, Growth Zone	21.09.18
Director	Lee Parker, Growth Zone	21.09.18

1.4 Feedback on Equality Analysis (Stage 1)

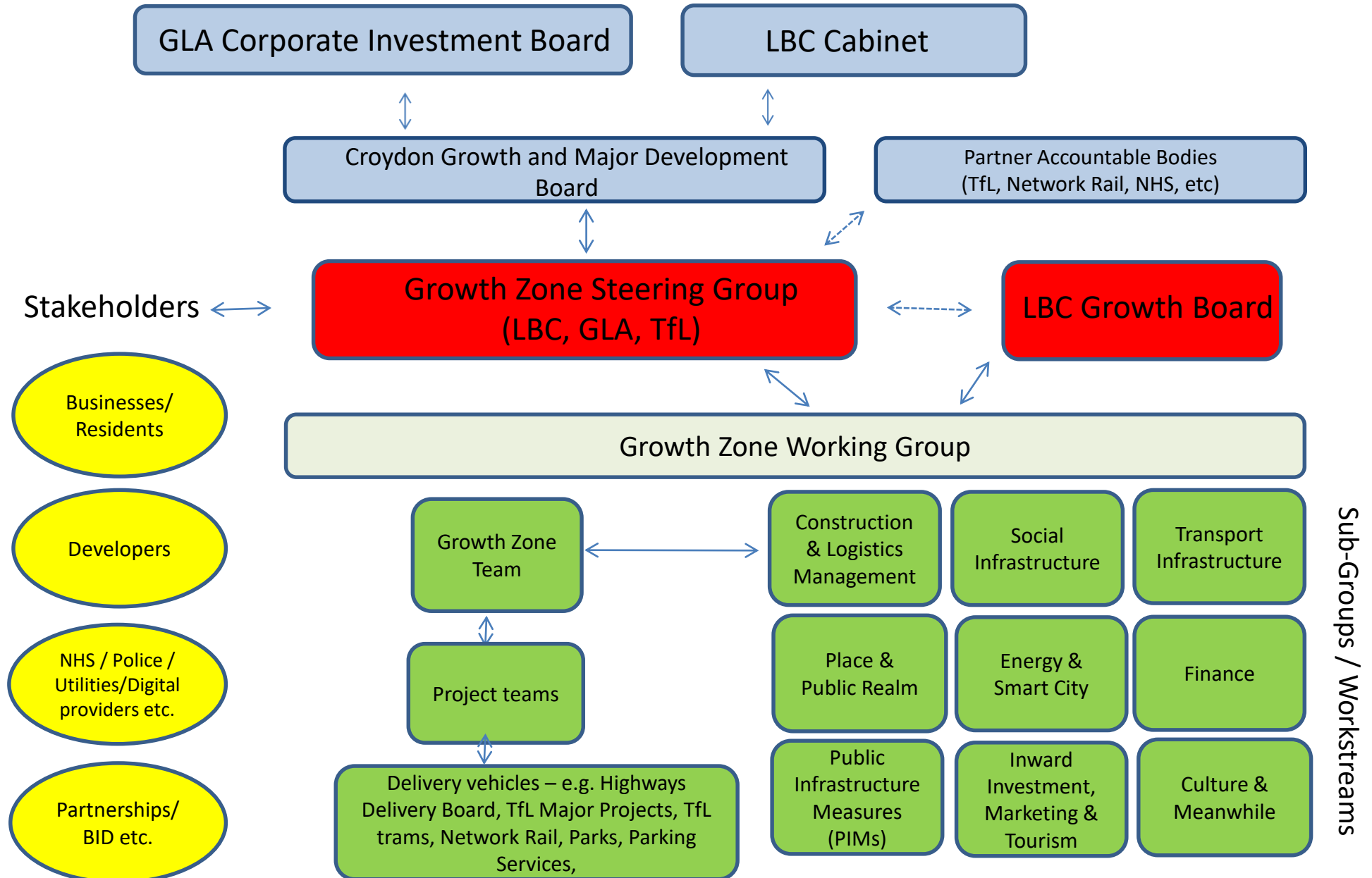
Please seek feedback from the corporate equality and inclusion team and your departmental lead for equality (the Strategy and Planning Manager / Officer)

--

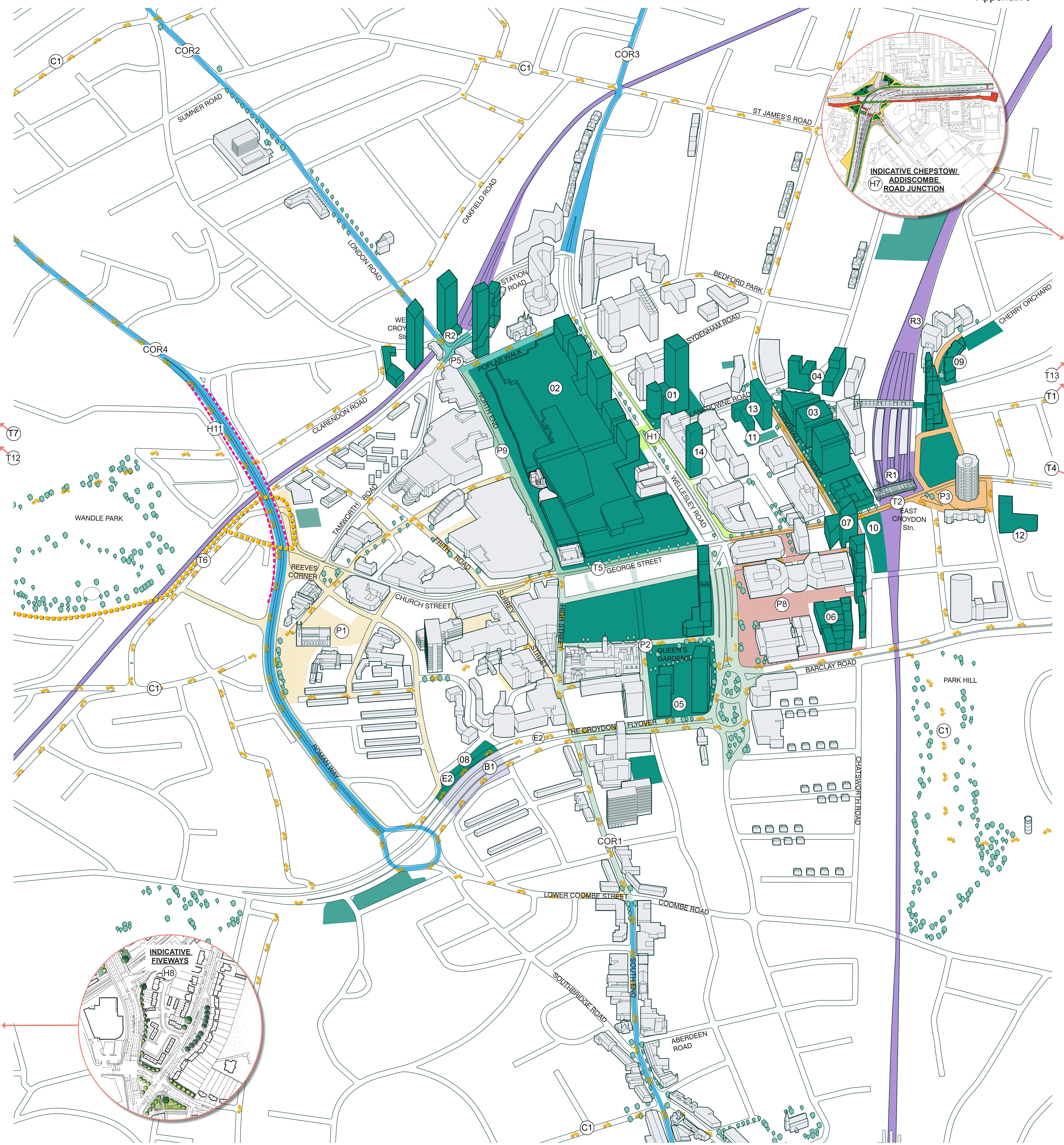
Name of Officer	Yvonne Okiyo	
Date received by Officer	21.09.18	Please send an acknowledgement
Should a full equality analysis be carried out?	The Initial Equality Analysis identified the	Note the reasons for your decision

	<p>proposed change will have a range of positive impacts for protected groups. Further analysis will need to be undertaken as individual projects are progressed through the design stages to ensure consideration for equality and inclusion issues and undertake actions to mitigate any negative impacts on groups that share a protected characteristic</p>	
--	---	--

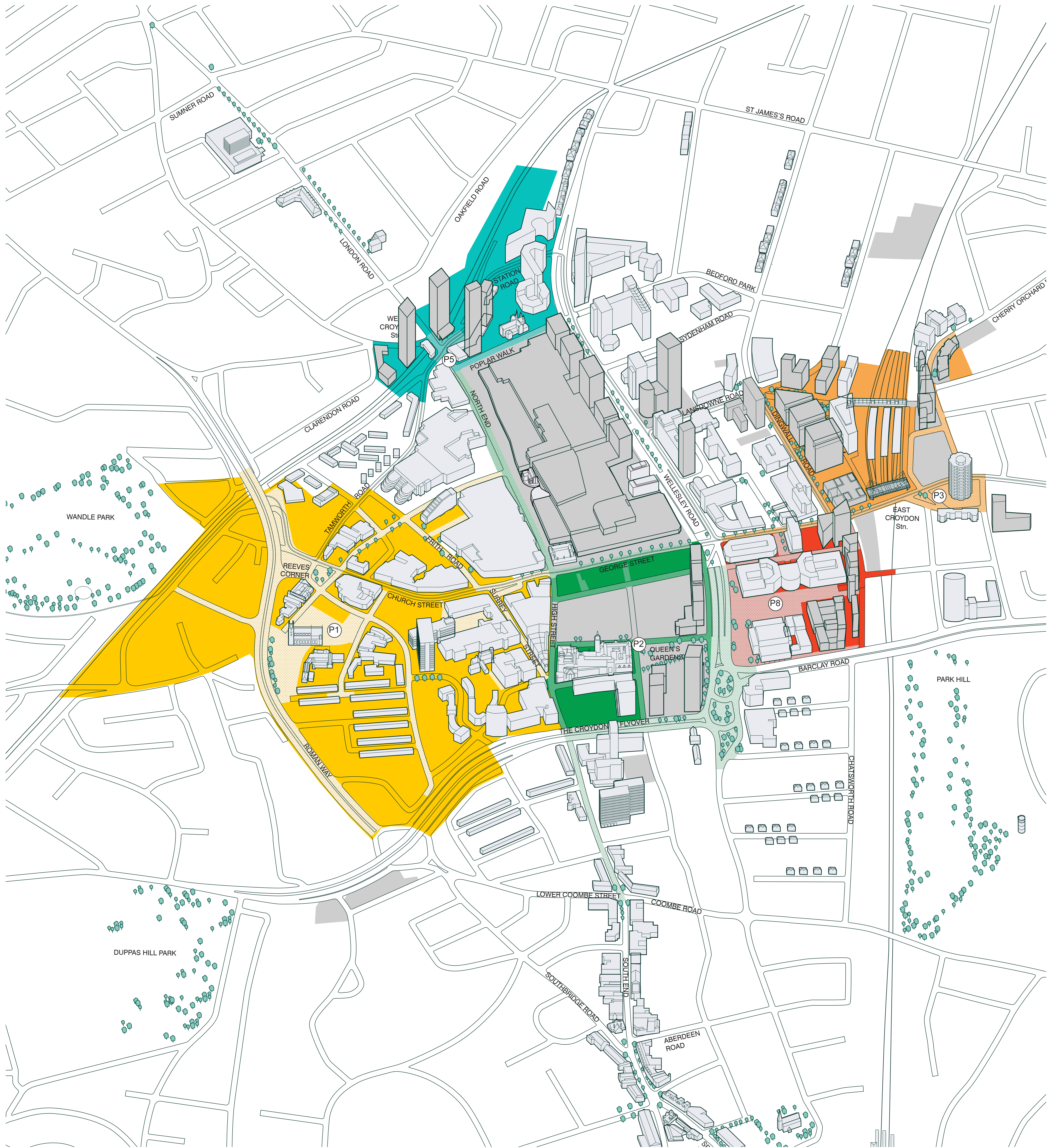
Croydon Growth Zone Governance



This page is intentionally left blank

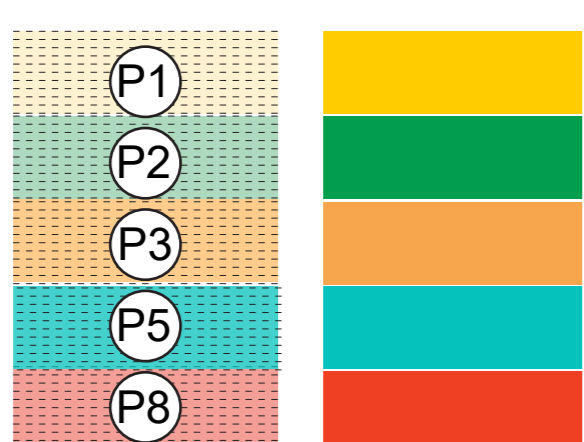


<p>CONSTRUCTION LOGISTICS sub-group (H11) HGV Holding Areas</p> <p>CULTURE sub-group (P7) (not illustrated)</p> <p>ENERGY sub-group (E2) District Energy Centre</p> <p>PARKING sub-group (H3) (not illustrated)</p> <p>PLACE AND PUBLIC REALM sub-group</p> <ul style="list-style-type: none"> P1 Old Town Public Realm P2 Mid Croydon Public Realm P3 East Croydon Public Realm P5 West Croydon Public Realm P8 Fairfield Public Realm <p>SMART CITIES sub-group (SC1-SC4) (not illustrated)</p> <p>SOCIAL INFRASTRUCTURE sub-group (S1-10) (not illustrated)</p>	<p>TRANSPORT sub-group</p> <p>BUS</p> <ul style="list-style-type: none"> B1 Bus improvements within the COA, including: - Wandle Road Bus Stand B2 Bus improvements outside the COA (not illustrated) <p>CYCLING</p> <ul style="list-style-type: none"> C1 Various cycle routes infrastructure <p>CORRIDORS</p> <ul style="list-style-type: none"> COR1 Brighton Road COR2 London Road COR3 Crystal Palace (indicative) COR4 Mitcham Road / Roman Way <p>HIGHWAYS</p> <ul style="list-style-type: none"> H1 Wellesley Road Crossing H2 COA Traffic Management (not illustrated) H7 A232 - Chepstow Road j/w Addiscombe Road H8 A23 - Fiveways H10 Delivery & Service Management (not illustrated) 	<p>RAIL</p> <ul style="list-style-type: none"> R1 East Croydon Station Rebuild R2 West Croydon Station Rebuild R3 Brighton Mainline Upgrade <p>TRAM</p> <ul style="list-style-type: none"> T1 Elmers End Second Platform T2 East Croydon Additional Platforms T3 Tram Network Enhancements T4 New Addington (12th) Additional Trams T5 George Street Tram Stop T6 Croydon to Morden Rd- Wandle Flyover Double Tracking T7 Croydon to Morden Rd- Phipps Bridge Double Tracking T8 Croydon to Morden Rd- Additional Trams T9 Stabling & Power Upgrades Part 1- Eastern Satellite Depot T12 Stabling & Power Upgrades Part 2- Therapia Lane T13 Beckenham Branch Capacity Enhancement 	<p>MAJOR PRIVATE DEVELOPMENTS</p> <ul style="list-style-type: none"> 01 One Lansdowne Road 02 Whitgift Centre 03 Ruskin Square (Commercial) 04 Ruskin Square (Residential) 05 Taberner House 06 College Green 07 101 George Street 08 Wandle Car Park 09 Morello 2 10 Mondial 11 Job Centre 12 Pocket Living 13 Carolyn House 14 Cambridge House
--	--	--	---



PLACE AND PUBLIC REALM SUB-GROUP Programmes of work:

- Old Town Public Realm
- Mid Croydon Public Realm
- East Croydon Public Realm
- West Croydon Public Realm
- Fairfield Public Realm



CORRESPONDING MASTERPLANS AREAS:

- Old Town
- Mid Croydon
- East Croydon
- West Croydon
- Fairfield

Agenda Item 8

REPORT TO:	CABINET 24 FEBRUARY 2020
SUBJECT:	STAGE 1: RECOMMENDATIONS ARISING FROM SCRUTINY
LEAD OFFICERS:	JACQUELINE HARRIS BAKER, EXECUTIVE DIRECTOR - RESOURCES STEPHEN ROWAN – HEAD OF DEMOCRATIC SERVICES & SCRUTINY
LEAD MEMBER:	COUNCILLOR SEAN FITZSIMONS CHAIR, SCRUTINY AND OVERVIEW COMMITTEE
CABINET MEMBER:	ALL
WARDS:	ALL
CORPORATE PRIORITY/POLICY CONTEXT: Corporate Plan for Croydon 2018-2022 The constitutional requirement that cabinet receives recommendations from scrutiny committees and to respond to the recommendations within two months of the receipt of the recommendations	
FINANCIAL IMPACT The recommendations in the appendix to this report may have a financial implication and as each recommendation is developed the financial implication will be explored and approved.	
FORWARD PLAN KEY DECISION REFERENCE NO: not a key decision	

The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations contained within this report:

1. RECOMMENDATIONS

Cabinet is asked to:

Receive the recommendations arising from the Scrutiny & Overview Committee (10 February 2020) and Streets Environment & Homes (17 December 2019), and to provide a substantive response within two months (i.e. at the next available Cabinet meeting on **11 May 2020**).

2. STAGE 1: RECOMMENDATIONS ARISING FROM SCRUTINY

- 2.1 Recommendations that have been received from the Scrutiny and Overview Committee and its Sub-Committees since the last Cabinet meeting are

provided in Appendix A. The constitution requires that an interim or full response is provided within 2 months of this Cabinet meeting.

3. CONSULTATION

- 3.1 The recommendations were developed from the deliberations of either the Scrutiny & Overview Committee or one of its Sub-Committees.

4. PRE-DECISION SCRUTINY

- 4.1 The recommendations set out in the appendix to this report directly arise from Scrutiny.

5. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 5.1 There are no financial implications arising directly from the content of this report.

6. LEGAL CONSIDERATIONS

- 6.1 The Head of Litigation and Corporate Law comments on behalf of the Director of Law and Governance that the recommendations are presented to Cabinet in accordance with the Constitution.
- 6.2 This requires that the Scrutiny report is received and registered at this Cabinet Meeting and that a substantive response is provided within 2 months (i.e. **Cabinet, 11 May 2020** is the next available meeting).

Approved by Sandra Herbert, Head of Litigation & Corporate Law on behalf of the Director of Law and Governance & Deputy Monitoring Officer

7. EQUALITIES IMPACT

- 7.1 There are no equalities implications arising directly from the content of this report

8. HUMAN RESOURCES IMPACT

- 8.1 There are no human resource implications arising directly from the contents of this report

9. ENVIRONMENTAL IMPACT

9.1 There are no environmental implications arising directly from the contents of this report

10. CRIME AND DISORDER REDUCTION IMPACT

10.1 There are no crime and disorder implications arising directly from the contents of this report

11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

11.1 There is a statutory requirement for Cabinet to receive the recommendations made by Scrutiny.

12. OPTIONS CONSIDERED AND REJECTED

12.1 None

13. DATA PROTECTION IMPLICATIONS

13.1 WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?

There are no Data Protection implications at this stage, but that the situation will be reviewed again at Stage 2 when Cabinet provide their response to the proposed recommendations.

13.2 HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?

No.

CONTACT OFFICER:

Simon Trevaskis, Senior Democratic Services & Governance - Scrutiny
T: 020 8726 6000 X 64840
Email: simon.trevaskis@croydon.gov.uk

BACKGROUND DOCUMENTS:

Background document 1: Report to Streets Environment and Homes Sub-Committee on 17 December 2019.

<https://democracy.croydon.gov.uk/documents/s19305/Policy%20Premises%20Rentals%20Sub%20and%20Rate%20Relief.pdf>

Background document 2: Report to Scrutiny & Overview Committee on 10
February 2020

<https://democracy.croydon.gov.uk/ieListDocuments.aspx?CId=166&MIId=1940&Ver=4>

Scrutiny Recommendations: Stage 1

Committee	Meeting Date	Agenda Item	Conclusion	Recommendation	Cabinet Lead	Officer Lead
Streets Environment and Homes	17/12/2019	Policy for Council Community Properties, Rent Subsidy and Rate Relief (considered by Cabinet on 20 January 2020)	It was not deemed appropriate for Social Enterprises and Co-Operatives to be automatically excluded from submitting an application for Rent Subsidy.	That Social Enterprises and Co-Operatives should: <ul style="list-style-type: none"> a) Be eligible to submit an application should they meet the criteria and their application be considered on its own merit. b) Officers to discuss and formulate a plan as to how to assess the eligibility of these groups if there is to be a difference in application criteria to that of Voluntary Organisations. (adopted by Cabinet during its consideration of the report)	Hamida Ali	Gavin Handford
Streets Environment and Homes	17/12/2019	Policy for Council Community Properties, Rent Subsidy and Rate Relief (considered by Cabinet on 20 January 2020)	The timeline for notification of award of discretionary Business Rate Relief be amended to ensure that organisations were notified as early as possible of the decision made; to enable alternative arrangements to be made ahead of the beginning of the financial year should they not be eligible for the rate relief	That in order to reduce the length of time between submission of application and notification of decision, organisations be notified of the outcome of their application for discretionary rate relief no later than the January following submission. Except in a re-evaluation year where notification should be made in the March following submission	Hamida Ali	Gavin Handford

Committee	Meeting Date	Agenda Item	Conclusion	Recommendation	Cabinet Lead	Officer Lead
				of their application to ensure that a definite decision is provided in the first instance (adopted by Cabinet during its consideration of the report)		
Scrutiny & Overview Committee	10 February 2020	Fairfield Halls	That while occupancy levels at the Halls were not as high as immediately prior to their closure for its restoration, they were positive in the context of the building work having only recently been completed and car parking provision not being available. It would take a full year of operation before the Committee could fully assess the performance of the restored Halls.	That BH Live be invited to attend a meeting of the Committee in Summer of 2021 to update Members on the progress made, to allow the committee to assess their progress against the operator's original business case.	Oliver Lewis	Paula Murray
Scrutiny & Overview Committee	10 February 2020	Question Time: Cabinet Member for Culture, Sport and Leisure	That while the evolving cultural programme in the Borough was to be commended for promoting Croydon's youth culture, the programme should also be inclusive of all ages and celebrate the many historical aspects of culture in Croydon.	That the musical heritage trial be developed to include Croydon's rich musical heritage in the genres of rock, R&B and folk music.	Oliver Lewis	Paula Murray
Scrutiny & Overview Committee	10 February 2020	Question Time: Cabinet Member for Culture, Sport and Leisure	That the previous recommendation requesting a review of the Council's by-laws in parks had not been undertaken and remained outstanding.	That the Cabinet Member for Finance and Resources and the Cabinet Member for Culture, Leisure and Sport expedite the review of by-laws	Oliver Lewis	Paula Murray

Committee	Meeting Date	Agenda Item	Conclusion	Recommendation	Cabinet Lead	Officer Lead
				in the Council's park and open spaces.		
Scrutiny & Overview Committee	10 February 2020	Question Time: Cabinet Member for Culture, Sport and Leisure	That the trailing of extended library opening hours was to be commended and likely to provide a beneficial study environment at evening and weekends.	That the Cabinet Member be asked to provide an update in 12 months on the success of the implementation of the Library Plus programme.	Oliver Lewis	Paula Murray
Scrutiny & Overview Committee	10 February 2020	Question Time: Cabinet Member for Culture, Sport and Leisure	That there are examples of where more co-ordination between portfolios would be of benefit, such as the use of inappropriate vehicles by other council services in the borough's parks.	That the use of Council vehicles in its parks be limited to vehicles that are appropriate and sensitive to the park environment.	Oliver Lewis	Paula Murray
Scrutiny & Overview Committee	10 February 2020	Proposed General Fund Revenue Budget 2020-21	That the Council's ability to accurately forecast and monitor the delivery of required savings would be crucial to achieving the budget in the 2020/21 financial year.	That the Cabinet Member for Finance and Resources be requested to provide an update on the bedding in of the Council's new financial monitoring systems in September 2020.	Simon Hall	Lisa Taylor

This page is intentionally left blank

REPORT TO:	CABINET 24th FEBRUARY 2020
SUBJECT:	INVESTING IN OUR BOROUGH
LEAD OFFICER:	<p style="text-align: center;">SARAH WARMAN, DIRECTOR OF COMMISSIONING & PROCUREMENT</p> <p style="text-align: center;">JACQUELINE HARRIS-BAKER, EXECUTIVE DIRECTOR RESOURCES</p>
CABINET MEMBER:	<p style="text-align: center;">COUNCILLOR SIMON HALL</p> <p style="text-align: center;">CABINET MEMBER FOR FINANCE AND RESOURCES</p>
WARDS:	ALL
<p>CORPORATE PRIORITY/POLICY CONTEXT/AMBITIOUS FOR CROYDON: Effective outcome based commissioning and prudent financial transactions contribute to all corporate priorities.</p> <p>The Council’s Commissioning Framework (2019 – 2023) sets out the approach to commissioning and procurement and puts delivery of outcomes at the heart of the decision making process. As the Council develops more diverse service delivery models, it is important to ensure that our contractual and partnership relationships are not only aligned to our corporate priorities but also represent value for money for citizens and taxpayers, contributing to the growth agenda for Croydon.</p>	
<p>FINANCIAL SUMMARY: There are no direct costs arising from this report.</p>	
<p>KEY DECISION REFERENCE NO.: There are key decisions mentioned in this report, but approval of the Recommendations would not constitute a key decision.</p>	

The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below

1 RECOMMENDATIONS

1.1. The Cabinet is requested to approve:

1.1.1. Contract award for the delivery of Enforcement Agency Services under a framework for the maximum value of £9,000,000 across 4 years, as set out at agenda item 9a.

1.1.2. The contract variation & extension award for Best Start suite of contracts at a maximum contract value of £12,893,000, an increase by £1,170,000, over a term of 5 months as set out at agenda item 9b.

1.1.3. Contract award for the delivery of the Addington Valley Academy SEN School for the maximum value of £14,183,745 across 34 months and to recommend to the Leader to delegate the approval for the various awards of contract, as set out at agenda item 9c.

- 1.1.4. Contract variation for the South London Waste Partnership Joint Waste Collection and Related Environmental Services to increase the overall value by a yearly amount of £3,250,000 plus a one off payment of £1,379,000 for all boroughs within the partnership, of which Croydon spend will increase by £1,500,000 per annum plus a one off payment of £673,995, as set out at agenda item 9d.
- 1.2. The Cabinet recommends to the Leader of the Council that prior to the next meeting of Cabinet in March, in respect of the New Addington Health and Wellbeing Centre project for the Lead Architect and Multi-disciplinary Professional Services, the Leader delegates the power to make decisions for awards of contract to the Cabinet Member for Environment Transport & Regeneration (Job Share) in consultation with the Cabinet Member for Finance and Resources for the reasons set out in paragraph 3.4 of this report.
- 1.3. The Cabinet is requested to note:
- 1.3.1. The list of delegated award decisions made by the Director of Commissioning and Procurement, between 18/12/2019 – 17/01/2020, as set out in section 4.2.1.
- 1.3.2. Property acquisitions and disposals agreed by the Cabinet Member for Finance and Resources in consultation with the Leader since the previous meetings of Cabinet, as set out in section 4.3.

2 EXECUTIVE SUMMARY

- 2.1 This is a standard report which is presented to the Cabinet, for information, at every scheduled Cabinet meeting to update Members on:
- Contract awards and strategies to be agreed by the Cabinet at this meeting which are the subject of a separate agenda item;
 - Delegated contract award decisions made by the Director of Commissioning and Procurement 18/12/2019 – 17/01/2020;
 - Property lettings, acquisitions and disposals agreed by the Cabinet Member for Finance and Resources in consultation with the Leader since the last meeting of Cabinet;
 - Delegated contract award decisions under delegated authority from the Leader by the Cabinet Member for Families, Health & Social Care in consultation with the Cabinet Member for Finance & Resources related to the Adult and Young People Social Care Dynamic Purchasing Systems (DPS);
[As at the date of this report there are none]

- Contracts between £500,000 and £5,000,000 anticipated to be awarded under delegated authority from the Leader by the nominated Cabinet Member, in consultation with the Cabinet Member for Finance and Resources and with the Leader in certain circumstances, before the next meeting of Cabinet;
[As at the date of this report there are none].
- Partnership arrangements to be agreed by the Cabinet at this meeting which are the subject of a separate agenda item.
[As at the date of this report there are none].

3 DETAIL

- 3.1 Sections 4.1 of this report list those contracts that are anticipated to be awarded or approved by the Cabinet.
- 3.2 Section 4.2.1 of this report lists the delegated award decisions made by the Director of Commissioning and Procurement, between 18/12/2019 – 17/01/2020.
- 3.3 Section 4.3 of this report lists the property lettings, acquisitions and disposals agreed by the Cabinet Member for Finance and Resources in consultation with the Leader since the last meeting of Cabinet.
- 3.4 A delegated decision is being requested to enable the Council to appoint the recommended Lead Architect and Multi-disciplinary Professional Services to support the hybrid planning application for the New Addington Health and Wellbeing Centre and Phase 3 regeneration project by end of February 2020. The New Addington Health and Wellbeing Centre is part of a wider programme of improvement works for the area, and it is important this project is delivered to time so as not to impact upon the other improvement projects.
- 3.5 The Council's Procurement Strategy and Tender & Contracts Regulations are accessible under the Freedom of Information Act 2000 as part of the Council's Publication Scheme. Information requested under that Act about a specific procurement exercise or contract held internally or supplied by external organisations, will be accessible subject to legal advice as to its commercial confidentiality, or other applicable exemption, and whether or not it is in the public interest to do so.

4 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

4.1 Proposed contract awards

- 4.1.1 Revenue and Capital consequences of contract award decisions to be taken by Cabinet which are the subject of a separate agenda item.

Contract Title	Contract Revenue Budget	Contract Capital Budget	Dept/Cabinet Member
Enforcement Agents Framework Award	£9,000,000 (Contract length 4 years)		Finance and Resources / Cllr Hall
Best Start suite of contracts – Variation Extension	£12,893,000 (Contract length 5 months) (Increase of £1,170,000)		Children, Young People and Learning / Cllr Flemming
Addington Valley Academy SEN School – Award of PCSA and Main Works Contract		£14,183,745 (Contract length 34 months)	Children, Young People and Learning / Cllr Flemming
South London Waste Partnership Joint Waste Collection and related Environmental Services Contract variation	Croydon spend increase £8,173,995 (Increase of £17,629,000 for the SWLP)		Clean Green Croydon / Cllr Collins

4.2 Contract Awards

4.2.1 Revenue and Capital consequences of delegated decisions made by the Director of Commissioning and Procurement for contract awards (Regs. 19, 28.4 a & b) between £100,000 & £500,000 and contract extension(s) previously approved as part of the original contract award recommendation (Reg. 28.4 d) and contract variations (Reg.30).

Contract Title	Contract Revenue Budget	Contract Capital Budget	Dept/Cabinet Member
Digital Advertising Consultancy Contract Award		£170,000 (Contract length 12 months)	Finance and Resources / Cllr Hall
Fire Remedial Works - Concord, Sycamore & Windsor Contracts Award		£469,493 (Contract length 12 months)	Homes & Gateway Services / Cllr Butler
Purley Way Masterplan and Local Plan Chapter Contract Award	£235,350.50 (Contract length 12 months) (Exteneral funding)		Environment, Transport and Regeneration / Cllr Scott

CONTRACT VARIATIONS & EXTENSIONS					
Contract Title	Value of Contract to Date	Value of Extension Term	Total Revenue value including extension term	Contract Capital Budget	Dept/Cabinet Member
Red Gates School 1 Classroom Temporary Modular Build Unit – Contract Variation	£159,109.62	£56,442.67 (2 years extension)		£215,552.29	Children, Young People and Learning / Cllr Flemming

4.3 Property Acquisitions and Disposals

4.3.1 Revenue and Capital consequences of property lettings, acquisitions and disposals over £500,000 that have been agreed by the Cabinet Member for Finance and Resources in consultation with the Leader of the Council since the last meetings.

Title	Lettings	Disposals	Acquisitions	Dept/Cabinet Member
Acquisition of the Freehold interest in 60 Vulcan Way as a commercial investment			£7,000,000	Finance and Resources / Cllr Hall
Acquisition of the Long Leasehold interest in 37-39 Imperial Way as a commercial investment			£6,250,000	Finance and Resources / Cllr Hall

Approved by: Ian Geary, Head of Finance - Resources on behalf of Lisa Taylor, Director of Finance, Investment and Risk and Section 151 Officer.

5 LEGAL CONSIDERATIONS

5.1 The Director of Law and Governance comments that the information contained within this report is required to be reported to Members in accordance with the Council's Tenders and Contracts Regulations and the council's Financial Regulations in relation to the acquisition or disposal of assets.

Approved by: Sean Murphy, Director of Law and Governance and Monitoring Officer.

6 HUMAN RESOURCES IMPACT

- 6.1 There are no immediate HR issues that arise from the strategic recommendations in this report for LBC staff. Any specific contracts that arise as a result of this report should have their HR implications independently assessed by a senior HR professional.

Approved by: Sue Moorman, Director of Human Resources

7 EQUALITY IMPACT

- 7.1 An Equality Analysis process has been used to assess the actual or likely impact of the decisions related to contracts mentioned in this report and mitigating actions have been defined where appropriate.
- 7..2 The equality analysis for the contracts mentioned in this report will enable the Council to ensure that it meets the statutory obligation in the exercise of its functions to address the Public Sector equality duty (PSED). This requires public bodies to ensure due regard to the need to advance equality of opportunity; foster good relations between people who share a “protected characteristic” and those who do not and take action to eliminate the potential of discrimination in the provision of services.
- 7..3 Any issues identified through the equality analysis will be given full consideration and agreed mitigating actions will be delivered through the standard contract delivery and reporting mechanisms.

Approved by: Yvonne Okiyo, Equalities Manager

8 ENVIRONMENTAL IMPACT

- 8.1 Any issues emerging in reports to the relevant Cabinet member will require these considerations to be included as part of the standard reporting requirements, and will not proceed without full consideration of any issues identified.

9 CRIME AND DISORDER REDUCTION IMPACT

- 9.1 Any issues emerging in reports to the relevant Cabinet Member will require these considerations to be included as part of the standard

reporting requirements, and will not proceed without full consideration of any issues identified.

10 DATA PROTECTION IMPLICATIONS

10.1 Will the subject of the report involve the processing of 'personal data'?

NO

10.2 Has a Data Protection Impact Assessment (DPIA) been completed?

NO

Data Protection Impact Assessments has been used to assess the actual or likely impact of the decisions related to contracts mentioned in this report and mitigating actions have been defined where appropriate.

Approved by: Sarah Warman, Director of Commissioning & Procurement

CONTACT OFFICER:

Name:	Bianca Byrne
Post title:	Head of Commissioning and Procurement (Corporate)
Telephone no:	63138

BACKGROUND DOCUMENTS:

The following public background reports are not printed with this agenda, but are available as background documents on the Croydon Council website agenda which can be found via this link [Cabinet agendas](#)

- Acquisition of the Freehold interest in 60 Vulcan Way as a commercial investment
- Acquisition of the Long Leasehold interest in 37-39 Imperial Way as a commercial investment

This page is intentionally left blank

For General Release

REPORT TO:	Cabinet 24th February 2020
SUBJECT:	Enforcement Agents Framework Award
LEAD OFFICER:	Jacqueline Harris Baker, Resources, Executive Director Shifa Mustafa, Place, Executive Director
CABINET MEMBER:	Councillor Hall, Cabinet Member for Finances and Resources Councillor King and Councillor Scott, Cabinet Member for Environment, Transport and Regeneration (Job Share)
WARDS:	All
CORPORATE PRIORITY/POLICY CONTEXT/ AMBITIOUS FOR CROYDON	
<p>Enforcement Agents allow the Council to collect revenue for four areas; parking and traffic fines, council Tax and Business Rates, and seeks to achieve the maximum revenue possible for the Council as part of the delivery of a balanced budget.</p>	
FINANCIAL IMPACT	
<p>The financial impact for the Council for this 4 year framework for Enforcement Agents is to recover debt owed to the Council for parking, traffic contraventions, council tax and Business Rates. Without this service, the Council would not be able to recover a significant amount of debt owed to it.</p> <p>There is no cost to the Council for the provision of this service as the providers retain the statutory fees from debt collected.</p> <p>The value of the contract is £9.78 million.</p>	
FORWARD PLAN KEY DECISION REFERENCE NO.: 0320CAB	
<p>This is a Key Decision as defined in the Council's Constitution. The decision may be implemented from 1300 hours on the expiry of 5 working days after it is made, unless the decision is referred to the Scrutiny & Overview Committee</p>	

The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below:

1. RECOMMENDATIONS

- 1.1 The Cabinet is recommended by the Contracts and Commissioning Board to approve the award of the framework agreement for the delivery of Enforcement Agency Services split into Lots (Lot 1 – Collection of parking and traffic penalty charges and Lot 2 – Collection of council tax and business rates) in accordance with Regulation 28.4(c) of the Council's Contracts and Tenders Regulations for a

maximum contract term of 2 years, plus 1+1 years extension, to the suppliers stated in Part B of this report and for the expected debt collection value of £9.78 million.

2. EXECUTIVE SUMMARY

- 2.1 The Council ensures compliance with Traffic and Parking regulations by issuing Penalty Charge Notices. It seeks to achieve high levels of compliance by maximising the enforcement of Penalty Charges where appropriate. The Council seek to ensure maximisation of unpaid Council Tax and Business rates by issuing Liability Orders for non or late payment. This enables compliance to enforcement activity and action to collect outstanding debt. Enforcement agents are required to collect revenue where Penalty Charges and Liability Orders have been issued through non-payment.
- 2.2 The framework is split into 2 lots with six providers to be appointed to each Lot. These are:
- Lot 1 – Collection of parking and traffic penalty charges
 - Lot 2 – Collection of council tax and business rates.
- 2.3 A procurement strategy was presented at CCB 13/4/17 with approval number CCB1243/17-18. The first procurement was abandoned following a challenge from an unsuccessful Tenderer.
- 2.4 In the procurement strategy (13/4/17) Lot 3 (Debt Collection Services) was referenced. Lot 3 (corporate debt) was procured separately due to the different nature of the service.
- 2.5 The content of this report has been endorsed by the Contracts and Commissioning Board.

CCB ref. number	CCB Approval Date
CCB1551/19-20	30/01/2020

3. DETAIL

- 3.1 Croydon is a growing London borough with a population of 384,000, growing to an estimated 445,000 by 2031. The infrastructure required to support this growth is funded in part by increased revenue of Council Tax and Business Rates.
- 3.2 Alongside an increase in revenue, Croydon faces the following challenges:
- Over-indebtedness is on the rise

- More people getting into debt has a detrimental effect on health and adds further pressure onto other services such as Adult Social Care and Children's services.
 - Welfare reforms and the introduction of Universal Credit have had a detrimental effect on resident's ability to pay their household bills.
 - More people are being plunged into poverty year on year.
- 3.3 Revenue collected through external enforcement agents has been in the region of £2.5 million a year. Longer term, increasing demand for parking spaces and the introduction of new technology and parking schemes, is likely to increase the amount of revenue collected by both internal and external enforcement agencies.
- 3.4 There is a small team of internal enforcement agents collecting debt. There are plans to increase the size of the internal team to accommodate demand, including the in-housing of all in-borough debt.
- 3.5 There will always be a requirement for external enforcement agencies to collect debts, where the debtor lives out of the borough.
- 3.6 External Enforcement Agents collect debt at zero cost to the Council. Both Internal and External Enforcement Agencies charge the debtor the same fees, which are added to the original debt, and these are strictly in accordance with regulations laid down in statute.
- 3.7 The lifecycle of a parking debt is 12 months.
- 3.8 The Enforcement Agents framework and call off contracts have no cost the Council, providers retain any fees that are incurred and collected.

Procurement process

- 3.9 The OJEU contract notice for this procurement exercise was published on 11th June 2019 with a closing date for receiving tender submission of 18th July 2019. The advertisement was also published on the Council's website and on Contracts Finder.
- 3.10 Each Lot was evaluated by the same evaluation panel and all tender submissions were evaluated against the published criteria. As there are no cost implications to the Council and the fees paid by debtors are laid down in statute, tenders were evaluated and scored on quality criterion alone. The weighting was 100% quality.
- 3.11 The suppliers were evaluated on:
- Resources
 - Capacity
 - Coverage
 - Safeguarding
 - Policies and Procedures
 - Quality Assurance

- Added Value
- Innovation
- Maximising Collection
- Social Value
- Technology
- Performance Management
- Recycling
- Contract Implementation and Management

3.12 The evaluation panel for both lots is detailed below:

- Head of Parking Services
- Strategic Collections Manager
- Risk & Corporate Programme Officer
- Moderator - Head of Commissioning and Procurement Place and Resources
- Moderator - Category Manager – Travel and Transport

3.13 Social value has been a key requirement with this award with the successful bidders demonstrating added services they can bring to the borough of Croydon. The following are commitments that have been given;

- Funding of apprentices
- Work placements
- Local sponsorships
- Donations to voluntary groups
- Local recruitment
- Sponsorship of professional learning and development
- Employment coaching

3.14 The scores against each lot were as follows:

	Lot 1 - Parking		Lot 2 - Corporate	
1	Supplier A	81%	Supplier A	83%
2	Supplier B	80%	Supplier B	80%
3	Supplier C	72%	Supplier G	80%
4	Supplier D	70%	Supplier D	73%
5	Supplier E	65%	Supplier E	68%
6	Supplier F	62%	Supplier F	63%

3.15 Once the providers have been awarded on the framework, there will be an initial equal allocation of work to all EA, the Tenderers will be ranked 1 to 6 plus internal team according to their performance at the end of 6 months (two review periods). This will enable the Council to decide which EA's receive fresh work and which recycled following the review. The top 3 performing EA's will receive fresh work and the bottom 4, recycled work.

4. CONSULTATION

- 4.1 There was no consultation for this decision as there is no change to the service.

5 PRE-DECISION SCRUTINY

- 5.1 The process for awarding the contract has followed set procurement rules and as such has not been considered by Scrutiny.

6 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

6.1 Revenue and Capital consequences of report recommendations

Lot 1 – Parking & Enforcement

	Current year	Medium Term Financial Strategy – 3 year forecast		
	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
Revenue Budget available	£0	-£1,490	-£1,700	-£1,940
Expenditure				
Income				
Effect of decision from report	£0	-£1,490	-£1,700	-£1,940
Expenditure				
Income				
Remaining budget	£0	£0	£0	£0

Lot 2 – Council Tax & Business Rates

	Current year	Medium Term Financial Strategy – 3 year forecast		
	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
Revenue Budget available	£0	-£1,650	-£1,550	-£1,450
Expenditure				
Income				
Effect of decision from report	£0	-£1,650	-£1,550	-£1,450
Expenditure				
Income				
Remaining budget	£0	£0	£0	£0

6.1.1 To note that the figures listed above represent the estimated values of council debt recovered through the use of external enforcement agencies and do not include the amount of fees recovered by the agencies.

6.1.2 The debt recovered through external agencies for Lot 2 is expected to decrease as the council increases its use of internal enforcement agents.

6.1.3 The debt recovered through external agencies for Lot 1 is expected to increase. This is because in-borough Parking debt is already collected by the internal team, and the amount of out of borough debt collection, using external agencies, is expected to increase.

6.2 **Future savings/efficiencies**

Maximising income recovery provides more resources for the council to deliver services to its residents. Further increasing the size of the internal team allows the council to increase the income it receives in fees. The income figures in the tables above represent the anticipated value of income being collected within each lot.

6.3 **The effect of the decision**

Enforcement agents are a vital partner for the Council and the effect of the decision will enable the Council to maximise income recovery for outstanding Parking and Traffic Penalty Charges, Council Tax and Business Rates. The new contracts will allow Croydon to utilise the best external expertise to recover outstanding sums due. The external enforcement agents retain the statutory fees from debt collected. Any increase in the size of the in-house team will be funded from the additional fee income they collect, and are expected to return a net surplus to the council.

6.4 **Risks**

The risk to the council by not having effective arrangements in place is not collecting the income that it is owed. Like any other Council risk this will continue to be monitored through the Council's financial management processes.

6.5 **Options**

See section 12 below

Approved by: Ian Geary, Head of Finance, Resources & Accountancy

7. **LEGAL CONSIDERATIONS**

7.1 The Solicitor to the Council comments that there are no additional legal considerations arising directly from this report.

Approved by Sean Murphy, Director of Law and Governance and Monitoring Officer

8. HUMAN RESOURCES IMPACT

- 8.1 There are no considerations in relation to staffing levels, restructuring/regrading, recruitment, employee relations, the Council's personnel policies or other human resources matter.

Approved by: Jennifer Sanker on behalf of the Director of Human Resources

9. EQUALITIES IMPACT

- 9.1 An Initial Equality Analysis was undertaken to assess the potential the likely adverse impact the change would have on protected groups compared to non-protected groups.
- 9.2 The analysis concluded that a full equality analysis will not be required due to the fact that the change would not have any adverse impact on protected groups compared to non-protected groups.

Approved by: Yvonne Okiyo, Equalities Manager

10. ENVIRONMENTAL IMPACT

- 10.1 The sustainability team has provided the standards expected from the enforcement agents as part of this contract, e.g sustainable travel as well as office procedures to reduce environmental impacts and appropriate questions were asked in the ITT.

11. CRIME AND DISORDER REDUCTION IMPACT

- 11.1 There are no crime and disorder impacts from procurement.

12. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 12.1 The option to use a framework for Enforcement Agents was chosen because it gives the Council resilience in terms of service delivery.

13. OPTIONS CONSIDERED AND REJECTED

Below are the options considered and rejected for the Enforcement Agents procurement:

Description	Main Advantages	Main Risks	Decision
Do Nothing	Avoid costs associated with procurement exercise	The Council has a requirement for external EA's for Lot 1 & Lot 2. Without the support of external EA's debt wouldn't be collected resulting in lost income to the Council No contractual protection regarding liabilities of debt collection	Not an option
Shared Service with another borough	Avoid costs associated with procurement exercise Ability to control resourcing requirements and have direct input in to performance led campaigns	Initial financial risk. Important that the correct levels of due-diligence, both in terms of compliance and levels of performance are carried out before the Shared Service offering is implemented. Delay in initial operational set-up and recruitment of staff could impact in the rates of debt collection	Not an option
Run Mini Competition on YPO's DPS for Enforcement Agents	Cheaper option then running a full tender process with providers pre-qualified	This option has been explored and discounted as doesn't align to Croydon's ranking methodology	Not an option unless Croydon drops to 3 suppliers
Insourcing using new 'in house' service with the support of external agency's to collect out of borough debt	Ability to control resourcing requirements and have direct input in to performance led campaigns Vital additional income stream for the Council	Putting in place appropriate systems and processes	Recommended

14. DATA PROTECTION IMPLICATIONS

14.1 WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?

YES - Lot 1 and 2

The details of a resident or business will be passed to the relevant enforcement agent based on a Single File Transfer. The information contained will included, but not be limited to:

Name of the debtor

Address associated with the debtor

Outstanding debt owed

Address associated with debt (might be different from last known address)

LBC reference number

Ctax/Business Rates original liability amount (Lot 2)

Year of debt

Type of debt

Registration details and details of penalty charge notice (Lot 1)

Names

Addresses last associated with a debtor

Contact details (phone/email)

Debt owed

Potential financial details being shared if available

Vulnerability status for a debtor

Household composition

Business parties associated with a business/property

14.2 HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?

Yes – Lot 1 and 2

Approved by: Sarah Randall/Catherine Black on behalf of Steve Iles and Lisa Taylor

CONTACT OFFICER: Sarah Randall/Catherine Black

BACKGROUND DOCUMENTS: None

This page is intentionally left blank

REPORT TO:	CABINET 24th FEBRUARY 2020
SUBJECT:	<p>Variation to extend the following Best Start contracts:</p> <ol style="list-style-type: none"> <li style="text-align: center;">1. Child Development and School Readiness Services (8 contracts) <li style="text-align: center;">2. Parenting Support and Parenting Aspirations (5 contracts) <li style="text-align: center;">3. Early Learning Collaboration Services (1 contract) <li style="text-align: center;">4. Parent Infant Partnership (1 contract)
LEAD OFFICER:	<p style="text-align: center;">Robert Henderson, Executive Director Children, Families and Education</p> <p style="text-align: center;">Nick Pendry, Director, Early Help and Children’s Social Care</p> <p style="text-align: center;">Shelley Davies, Interim Director, Education</p>
CABINET MEMBER:	<p style="text-align: center;">Councillor Flemming, Cabinet Member Children, Young People and Learning</p> <p style="text-align: center;">Councillor Simon Hall, Cabinet Member Finance and Resources</p>
WARDS:	All
<p>CORPORATE PRIORITY/POLICY CONTEXT/ AMBITIOUS FOR CROYDON</p> <p>The Corporate Plan for Croydon 2018-2022 includes the following priorities:</p> <p>People live long, healthy, happy and independent lives</p> <ul style="list-style-type: none"> • To promote early help • Support families by giving their children a better start in life, improve health outcomes and increase healthy life expectancy • To help people from all communities to be healthy and resilient and able to maximise their life chances and independence <p>Our children and young people thrive and reach their full potential</p> <ul style="list-style-type: none"> • Children in Croydon are safe, healthy and happy, and aspire to be the best they can be. • Every child and young person can access high quality education and youth facilities. <p>Legislation</p> <p>The Childcare Act 2006 places a duty for local authorities to provide early childhood services in their area and outreach to parents to inform them of these services. This duty is further endorsed through the Apprenticeships, Skills, Children and Learning Act, 2009.</p>	

FINANCIAL IMPACT

The financial value of extending all 15 contracts for the period 1st April to 31st August 2020 if agreed, will cost the Council £1.170m. The value of each contract (per annum), aggregate sum is shown in the table below:

Best Start contracts	£ Per annum	£ Aggregate (2016 - 2020) 4 years	£ 5mths extension 1/4/20 - 31/8/20)	£ Aggregate (2016 - 2020) 4 years/5mths
9 Children's Centres*	2,162	8,648	854	9,502
Parenting Skills and Parenting Aspirations (6 Lots)	367	1,468	153	1,621
Early Learning Collaboration	330	1,320	138	1,458
Parent Infant Partnership	60	240	25	265
Total	2,919m	11,676m	1,170m	12,846m

**Shirley Children's Centre have given notice they do not wish to extend the contract beyond the current term, therefore have been excluded from the projection figures.*

FORWARD PLAN KEY DECISION REFERENCE NO.: 1020CAB

This is a Key Decision as defined in the Council's Constitution. The decision may be implemented from 1300 hours on the expiry of 5 working days after it is made, unless the decision is referred to the Scrutiny & Overview Committee

The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below.

1. RECOMMENDATIONS

1.1 The Cabinet is recommended by the Contracts and Commissioning Board in accordance with Regulation 30 of the Council's Contracts and Tenders Regulations to extend the following Best Start contracts listed below by up to a further 5 months (1st April to 31st August 2020) for an aggregate value of £1,170,000 to give an overall maximum (aggregate) contracts value of £12,846,000:

1.1.1 Eight, Best Start Children's Centres with contracts/SLAs to four academies and five maintained schools. Five month extension value: £854,000.

1.1.2 Five, Community, Parenting Aspirations and Parenting Skills contracts (covering 6 lots). Five month extension value: £153,000.

1.1.3 One, Early Learning Collaboration contract. Five month extension value £138,000

1.1.4 One, Parenting Infant Partnership contract. Five month extension value £25,000

2. EXECUTIVE SUMMARY

- 2.1 The purpose of this report is to seek permission to extend the Best Start suite of contracts and agreements for up to a further 5 months from 1st April 2020 to 31st August 2020.
- 2.2 This extension will give time for decisions to be made on the proposed new children's centre delivery model following the completion of a comprehensive service review. It will also allow for the alignment of all Best Start contracts for an integrated and locality based early years offer.
- 2.3 Forest Academy (Synaptic Trust) who are one of the providers contracted to deliver children's centre services at Shirley Children's Centre notified the Council in January 2020 that they no longer wish to extend the contract beyond the current term, March 2020. There is agreement in principle to insource this provision into the Early Help Service from 1st April 2020.
- 2.4 In addition, other work currently in progress includes:
- Review of Community, Parenting Support and Aspirations
 - Review of Early Learning Collaboration with Education Services
 - Review of Parents Infant Partnership in line with Localities and wider Early Help Service developments
- 2.5 Sustained improvement in performance, clarity of contribution to the Ofsted improvement plan and delivery of positive outcomes will be negotiated via each contract. Robust contract management will continue.
- 2.6 It is not intended for there to be any further extensions beyond this point.
- 2.7 The financial implication is continued spend at the current level of a total of £1,170,000 for the period of 5 months (which represents a value of £2,919,000 per annum) funded from the children's services budget.
- 2.8 The content of this report has been endorsed by the Contracts and Commissioning Board.

CCB ref. number	CCB Approval Date
CCB1549/19-20	28/01/2020

3 DETAIL

Context

- 3.1 Research shows that the early years are the most influential time in the development of a child, when their brain grows the fastest and when love and security are crucial. The council and its partners believe that it is vital that all young children get the best start in life.

3.2 Best Start services also contribute to achieving outcomes from the Early Years Foundation Stage and Public Health Outcomes Framework:

- 1001 Critical Days
- Low birth weight of term babies
- Breastfeeding prevalence at 6-8 weeks after birth
- A&E attendances (0-4 years)
- Hospital admissions for dental caries (0-5 years)
- School Readiness: percentage of children achieving a Good Level of Development at the end of Reception
- National Child Weight Measurement Programme

3.3 The Council's New Operating Model is central to the proposed approach as follows:

Evidence is key

- Reviewed services will be based on education outcomes and local need

Preventing issue becoming problems later on

- Children's Centres will be increasing their focus on prevention and better targeting of families most in need of help and support

Locality matters

- The new model will allow for a strengthening of partnership working System wide approach
- The new model will align and work across an integrated early years system Residents drive what we do
- Residents will be involved in shaping transformed services

3.4 This work is being undertaken with the Council's wider integration agenda aligning Best Start services with the integrated health and support offer and locality working.

3.5 The current Best Start arrangements have been in place in Croydon since 2016. However, over time the various organisational and governance structures that were in place at the start of the programme have changed. Extending these contracts for five months will give time for recommendations from recent service reviews to be carefully considered and implemented.

3.6 Best Start contracts were commissioned on a 2 + 1 basis from April 2016.

3.7 The original award committed Council spend of £5,838,000 with a permitted extension in 2018-19 (aggregate value £8,757,000).

3.8 Contracts were further extended in 2019-20 (aggregate value £11,676,000) to enable future commissioning intentions to be developed in line with the new Early Help Strategy and to take account of a number of developments at the time. Present contracts will cease in March 2020.

- 3.9 Each extension will be used to ensure services adopt the new direction of travel; the operating principles including locality based service delivery and are better focussed and targeted as part of an overall early help offer.
- 3.10 Commissioners are working with the Early Help Service to ensure services meet the requirements of the Ofsted Improvement plan and localities development. The outcome of which will inform the new service delivery model in synergy with the CCG and Council's strategic priority "Better Start in Life" – a comprehensive early help and prevention offer, focussing on addressing needs at the earliest point.

Current position

- 3.11 Following Cabinet approval (reference: Croydon Best Start Child Development & School Readiness Services Designated Children's Centres 2016-2018, agenda item 10.2., minute March 2016 A23/16), Contracts and Service Level Agreements (SLAs) were awarded in 2016 to the current providers of the 9 Designated Children's Centres in the London Borough of Croydon. The award was for contracts with an initial term of two years, with an option to extend for a further period of up to 12 months. Contracts and Agreements were let in 2016 for 2 years (April 2016 to March 2018) and extended in 2018 following CCB approval (CCB ref 1319/17-18, 01/02/2018) for 1 year (April 2018 to March 2019). In August 2018 following CCB approval (CCB ref 1390/18-19, 31/08/18) contracts were extended for a further period of 1 year (April 2019 to March 2020) for the following contracts:

8 x Best Start Child Development and School Readiness contracts/SLAs to three academies and five maintained schools. Annual value £2,050,000. The agreements are with the following schools/academies:

- Aerodrome Academy: Aerodrome Children's Centre
- Oasis Academy Bryon (Oasis Trust): Byron Children's Centre
- Fairchildes Academy: Fairchildes Children's Centre
- Federation of Crosfield and Selhurst Nursery Schools and Children's Centres: Crosfield Children's Centre
- Federation of Crosfield and Selhurst Nursery Schools and Children's Centre: Selhurst Children's Centre
- Purley Oaks Primary School: Purley Oaks Children's Centre
- Gilbert Scott Primary School: Woodlands Children's Centre
- Kensington Avenue Primary School: Kensington Avenue Children's Centre

- 3.12 5 x Community, Parenting Aspirations and Parenting Skills contracts covering 6 lots). Annual value £367,000 (original award CCB ref 1162/16-17, 23/08/16):

<p>Lot 1: CVA : Using the Asset Based Community Development (ABCD) model identify and maximise local community assets.</p>

<p>Lot 2.1: Homestart Design and deliver a home visiting service to provide practical and emotional support to parents/carers in their own homes.</p>
--

Lot 2.3 Homestart Identify, train and support parents/carers as volunteers and parent champions to offer peer support and community activities.
Lot 2.2 South London and Maudsley – Being a Parent Programme Identify, train and support parents/carers as facilitators to deliver parenting support programmes to other parents.
Lot 2.4 NAS (PRISM Consortium) Facilitate a programme of group support for families with children under five whose needs in relation to speech and communication delay have already been identified.
4.3 Lot 3 – Phase 1 Enterprise Training - CIC consortium: support parents/carers with children aged under five years to overcome barriers to employment, with a particular focus on those parents/carers who may be affected by the changes resulting from the introduction of Universal Credits.

- 3.13 1 x Early Learning Collaboration - annual value £330,000 (original award CCB ref 1106/15-16, 07/03/2016) awarded to Federation of Crosfield and Selhurst Nursery Schools and Children’s Centres.
- 3.14 1 x Parent Infant Partnership (a collaboration between Croydon Drop In and PIP UK to provide perinatal and adult mental health services) contract – annual value £60,000
- 3.15 Two suppliers have signed up to the PSP, the others have been invited but declined to come on board.
- 3.16 A number of Council service developments have taken place in recent months:
- Implementation of the localities model is taking place across council departments, bringing services closer to its Residents.
 - Health Visiting, a key partner in Best Start, delivering the Healthy Child Programme (funded by Public Health), have realigned teams into 6 localities.
 - Building on its success the One Croydon Alliance has been extended across the whole population. There is a new Croydon Health and Care Plan (2019/20 – 2024/25) and a Planning Together programme in place to meet the strategic priority ‘*Better Start in Life*’ across the Council and Croydon Clinical Commissioning Group (CCG).
 - There is a new SEND Strategy (2019 – 2022) for children and young people in Croydon. Improved early identification is highlighted as a key area of development.

- 3.17 Best Start services deliver against an integrated outcomes framework (see diagram below) for children 0-5 years. There is also a performance dashboard with a set of measures (currently under review) from across the early years partnership.
- 3.18 A comprehensive review and options appraisal of Children's Centre services has taken place and has made a number of recommendations, including a new mixed service delivery model, bringing some services in-house. There are opportunities for improved services and savings to be achieved should the new model be agreed.

Best Start long term outcomes	Best Start medium term outcomes
Children, young people and their families enjoy greater independence & financial stability	Parents/carers are self-reliant and have strong and supportive social networks
	Parents/carers can access employment and training
Children and young people enjoy improved educational attainment	Children are prepared and ready for school
Children, young people and their parents/carers enjoy emotional wellbeing	Children are emotionally well
	Parents/carers are emotionally well
Children, young people and their parents/carers enjoy physical wellbeing	Children are healthy and physically well
	Parents/carers are healthy and physically well
Services are more responsive and consistent	Children are safe and protected from harm
	Practitioners are confident and skilled and work together to deliver high quality and inclusive services

- 3.19 The proposed model would see a mixed economy of provision; local authority, maintained and academy primary schools. Access to Best Start services would be optimized from existing estates across the borough with additional access points through key maternity and health visiting partnerships (see picture below):

Recommendation on future delivery model

Evaluation of responses from children's centres and overall performance data indicates the best outcomes for children would be achieved by either of the following models:

- Move to an in house delivery model aligned to the Early Help Service.
- Develop a mixed model of in house and school based delivery.

Option 3 Locality Authority In house delivery	Option 4 Mixed model of in house and school led
<p>Strengths</p> <ul style="list-style-type: none"> ➤ Closer alignment with the Early Help service leading to more effective targeted support for vulnerable families ➤ Opportunity to create a more consistent service delivered borough wide according to need ➤ Opportunity to make savings through more streamlined leadership and management and possibly buildings and resources costs. 	<p>Strengths</p> <ul style="list-style-type: none"> ➤ Opportunity to test and evaluate in house delivery without bringing the whole service in house ➤ The best performing centres can be maintained providing continuity for families and partners. ➤ A mixed model was the 2nd preferred option by children's centres and would be seen as a compromise to a full in house model

- 3.20 A high level review of community, parenting aspirations and parenting skills services has also taken place incorporating an overview of both commissioned and in-house parenting support, including children with disabilities. Whilst the review supports the case for continuing to secure early intervention parenting support, recommendations, should they be agreed, offer in-year savings. Future options will align to the proposed new children’s centre service delivery model.
- 3.21 Commissioners are working with early help to scope and re-define the Best Start service model, this will be concluded over the coming months. An implementation plan will be developed once the strategic direction is endorsed by all key stakeholders. The new service offer will take effect from 1st September 2020.
- 3.22 In order to respond swiftly to the notice of contract ending given by Forest Academy (Synaptic Trust), and to avoid a gap in service delivery, a business case will be developed to seek approval to insource Shirley Children’s Centre into the Early Help Service earlier than had been intended.
- 3.23 In addition, should the new service model be agreed, we intend to create a new financial grant model and staffing structure for Children’s Centres so that going forward, funding is better reflected to meet local need.
- 3.24 Aligning with the wider locality agenda and integration programme, we are looking to ensure Children’s Centres are part of the pathway of early support and the child’s journey to reduce the demand on specialist services.
- 3.25 A review of the Early Learning Collaboration services is in progress. There is an aspiration to bring this service back in-house and align with wider changes taking place within the Education department.
- 3.26 Work has begun to review the financial modelling for Children’s Centre grants based on up to date local community need to increase efficiencies to enable any savings realized to be reinvested in the service.
- 3.27 The extension period of up to 5 months would allow for service continuity and integrating service delivery in a locality approach. A review of performance measures will also be undertaken to ensure robust contract management continues, ensuring services focus on delivering positive outcomes for children 0 – 5 years.
- 3.28 Timescales for next steps:

January 2020	4 CCB Decision on proposed extensions recommended for Cabinet approval 5 Decision on delivery model and potential efficiencies will be taken
February 2020	• Cabinet decision regarding Variation to extend existing contracts to August 2020

February – March 2020	<ul style="list-style-type: none"> • Strategy to inform commissioning intentions and new budgets
April – June 2020	<ul style="list-style-type: none"> • Service user and staff consultations • Full Procurement Activity
September – November 2020	<ul style="list-style-type: none"> • Contract Award and Mobilisation

4. CONSULTATION

- 4.1 As this paper is seeking approval for extensions to existing contracts and agreements, it was not deemed necessary to undertake a formal consultation process. However, parents/carers accessing Best Start Children's Centres and peer to peer community services have the opportunity to participate in service user impact surveys on a bi-annual basis. Results from these surveys are used to inform future service development.
- 4.2 Discussions have taken place with existing providers and the way forward has been agreed in principle, pending the approval of the recommendations in this report.
- 4.3 Informal consultation with Children's Centre Leads have taken place (see table below) and further meetings are planned once decisions have been made on the recommended future model for children's centre services.

Children's Centres meeting schedule

9 th September 2019	Meeting with Children Centre Leads and Executive Director, Rob Henderson
3 rd October 2019 to 8 th November 2019	Individual meetings held with each Children's Centre Lead, Head of Early Help and Commissioners
February 2020	<p>Joint meeting with Head Teachers/Children's Centre Leads to share outcome of the review and recommendations</p> <p>Meeting with Individual Head Teachers/Centre Leads to discuss new service model (once approved)</p>

- 4.4 There is a duty to consult with service users where there is significant change to the delivery of children centre services. For that reason, more formal consultation will form part of the recommissioning of the new service model. A project plan will be developed to oversee consultation with families and the early years sector. Staff consultation will also be carried out.
- 4.5 Should the recommendations in this report be approved, subsequent reports will outline the outcome of consultation with stakeholders.

5. PRE-DECISION SCRUTINY

- 5.1 The process for awarding the contract has followed set procurement rules and as such has not been considered by Scrutiny.

6 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 6.1 The proposed extensions for five months are expected to cost the council £1,170,000 (see table below). These combined services are funded from a number of cost centres under Children, Families and Education Department. The total net budget in 2019/20 is £2,619,000, sufficient to cover the five month extension and allow for proposed service review and development of a new delivery model, including the potential for an efficiency dividend that will be available for reinvestment in the service and to contain the expenditure within the existing budget.

6.2 Revenue and Capital consequences of report recommendations

Revenue Consequences	
Service	Proposed costs for extension period 1 st April – 31 st August 2020 £
8 Children's Centres	854
Parenting Skills and Parenting Aspirations	153
Early Learning Collaboration	138
Parent Infant Partnership	25
Total	1,170m

	Current year	Medium Term Financial Strategy – 3 year forecast		
	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000
Revenue				
Budget				
Expenditure	2,992	2,992		
Income	(373)	(373)		
Effect of decision from				
Expenditure		1,170		
Income				
Remaining	<u>2,619</u>	<u>1,449</u>		
Capital Budget available				
Expenditure				
Effect of decision from				
Expenditure				

Remaining

6.3 The effect of the decision

The current annual budget for the service remains the same, subsequently annual costs have been proportioned for the proposed 5 month extension period. Providers will be expected to continue delivering services within the existing funding envelope.

Sustained improvement in performance and delivery of positive outcomes will be sought via the variation agreements.

6.4 Risks

The following risks have been identified and are being actively managed within the service:

Risk	Mitigation
Risk that the service does not deliver	These contracts are rigorously monitored with challenging targets and performance indicators that should mitigate against non-delivery. Performance will be measured by way of renewed KPIs in accordance with the annual service plan negotiations, ensuring they remain fit for purpose.
Risk that providers may not be co-operative in agreeing to sustain improved performance in the absence of other variation, e.g., price uplift.	Early engagement may assist providers in managing services within the existing funding envelope.
Legal challenge from another supplier	Once the decision on the new service model has been made the new procurement strategy will determine which services would go out for tender. At this point, other suppliers will have an opportunity to express interest.

6.5 Option considered

Tender the service so new contracts are let from April 2020.

Rejected:-

- This will lead to continued fragmentation of the service offer for young children and their families
- The opportunities to maximize the delivery of outstanding universal services, building prevention and early intervention for the most vulnerable children, plus avoidance, where possible, of escalation of need and reduced costs will not be achieved.

6.6 Future savings/efficiencies

Financial modelling will to be confirmed and will be set out following consultation and wider partner discussions. We envisage savings being

made through bringing Best Start in-house and aligning with wider localities and integration work taking place across the Council.

The variations to extend will maximise value for money from the current contracts and agreements including sustained improved performance and delivery of positive outcomes.

Approved by: Kate Bingham, Head of Finance (Children, Families and Education)

7 LEGAL CONSIDERATIONS

- 7.1 The Director of Law and Governance comments that there are no additional legal considerations arising directly from this report reference to the powers under which the proposal being made

Approved by Sean Murphy, Director of Law and Governance Monitoring Officer

8. HUMAN RESOURCES IMPACT

- 8.1 This report recommends an extension to existing contracts. There is no change of provider and therefore no human resources or TUPE implications arising from this report at this time

Approved by: Nadine Maloney on behalf of the Director of Human Resources

9 EQUALITIES IMPACT

- 9.1 Equalities and diversity considerations are key elements of universal and early help practice. It is imperative that all universal and support services for children and their families are sensitive and responsive to age, disability, ethnicity, faith or belief, gender, identity, language, race and sexual orientation.

- 9.2 An EQIA was conducted in 2015 and updated in 2017. Whilst there has been no significant changes to service delivery during this time, a full EQIA will be undertaken as part of the development of the future commissioning strategy.

Approved by: Yvonne Okiyo, Equalities Manager

10. ENVIRONMENTAL IMPACT

- 10.1 It is considered that there are no increased or decreased environmental sustainability impacts from the proposed contract extensions contained in this report.

11. CRIME AND DISORDER REDUCTION IMPACT

- 11.1 Supporting families through these services contributes to building resilience and thus avoid people becoming involved in crime and disorder. The services also provide access to specialist services for families exposed to domestic violence and abuse.

12. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 12.1 The recommendations in this report allow for stability of service delivery whilst ensuring continued robust contract monitoring, while the decision on the future service model is being agreed.

13. OPTIONS CONSIDERED AND REJECTED

Option	Pros	Cons
Tender the service so new contracts are let from April 2020	Existing contracts have already exhausted all permitted extensions	Significant work is being undertaken to review existing service, including financial remodeling. Going to market at this stage would hinder opportunities for ensuring future services meet local needs and achieve efficiencies.

14. DATA PROTECTION IMPLICATIONS

14.1 WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?

YES

Personal data relating to children, parents or carers accessing Best Start services is collected, processed and stored. This includes their personal details; name, address, date of birth, gender identity and ethnicity.

There is a published Privacy Statement, as well as Information Sharing Agreements with providers.

14.2 HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?

YES – Approved May 2018 (attached as an appendix) and will be updated following the decision on this report.

Approved by: Nick Pendry, Director of Early Help and Children's Social Care
and Shelley Davies, Director of Education

CONTACT OFFICER: Sharon Hemley, Early Help Commissioning
Manager, Commissioning & Procurement (CFE),
ext. 64398.

BACKGROUND PAPERS: None

REPORT TO:	Cabinet 24th February 2020
SUBJECT:	Addington Valley Academy SEN School – Award of PCSA and Main Works Contract
LEAD OFFICER:	Shifa Mustafa, Executive Director Place Stephen Tate, Director of Council Homes, Districts and Regeneration Shelley Davies, Director of Education
CABINET MEMBER:	Councillor Alisa Flemming, Cabinet Member for Children, Young People and Learning And Councillor Simon Hall, Cabinet Member for Finance & Resources
WARDS:	New Addington North
CORPORATE PRIORITY/POLICY CONTEXT:	
<p>This proposal is aligned with the following Priorities:</p> <p>Croydon’s Community Strategy priorities and outcomes:</p> <ul style="list-style-type: none"> • Outcome 1: A great place to learn, work and live • Outcome 2: A place of opportunity for everyone – in particular: Priority Two; Support individuals and families with complex needs and; Priority Four: Deliver better education and the opportunity for everyone to reach their full potential 	
AMBITIOUS FOR CROYDON & WHY WE ARE DOING THIS:	
<p>The delivery of this project is critical in ensuring the Authority is able to meet its statutory requirement to provide pupil places to meet increasing demand and will support the Authority in meeting the Policy Objectives of:</p> <ul style="list-style-type: none"> • Achieving better outcomes for children and young people • Promoting economic growth and prosperity 	
FINANCIAL IMPACT	
<p>The Education Estate Expansion Strategy and the Capital Programme approved at Cabinet on the 20th January 2020, key decision reference no. 0120CAB includes a total funding allocation of £15,670,000 for the delivery of this project.</p> <p>The funding allocation for this project was approved by the Education Skills and Funding Agency (ESFA) on the 23rd December 2019 and is apportioned as follows:</p> <ul style="list-style-type: none"> • ESFA Invest to Save = £14,992,000 • Croydon Council S106 = £678,000 	

FORWARD PLAN KEY DECISION REFERENCE NO.: 0520CAB

This is a Key Decision as defined in the Council's Constitution. The decision may be implemented from 1300 hours on the expiry of 5 working days after it is made, unless the decision is referred to the Scrutiny & Overview Committee

The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below:

1. RECOMMENDATIONS

- 1.1 The Cabinet is recommended by the Contracts and Commissioning Board to approve the award for the design and construction of Addington Valley Academy SEN Academy to the supplier listed in part B of this report for an estimated contract term of 34 months (this consists of 5 months of PCSA, 17 months of constructions and 12 months Defects Liability period) for a maximum contract value of £14,363,745 (including the supply of £180,000 loose furniture, fixtures and equipment).
- 1.2 The Cabinet is also recommended to request the Leader to delegate the decision to approve the award of various contracts that are required to deliver this overarching contract, to the Cabinet Member for Children, Young People and Learning in consultation with the Cabinet Member for Finance and Resources for the reasons as explained in paragraph 2.4 of this report
- 1.3 The Cabinet is also asked to note that the Chair of the Contracts and Commissioning Board has approved the award of the Pre-Construction Services Agreement to the supplier listed in Part B of this report.

2. EXECUTIVE SUMMARY

- 2.1 The award of this contract is essential to the successful delivery of a new 150 place SEN school in the borough to ensure that the Authority meets its statutory duty to provide required school places for September 2021.
- 2.2 In accordance with the original Education Estate Expansion Strategy (Cabinet Ref: 1719CAB), the original procurement strategy for this contract award was set out and agreed by CCB (**CCB1400/18-19**) dated 24/09/18, whereby the provision of a new 150 place SEN school will be funded in the majority by the Education Skills Funding Agency (ESFA). In accordance with the ESFA funding criteria, the endorsed procurement strategy was to call off from the ESFA's approved framework agreement.
- 2.3 A full procurement process has been completed and now that ESFA funding has been approved, the recommended contract award can now be sought.
- 2.4 The reasoning for the requested delegations to approve the contract awards as set out in the Recommendations above, is to prevent significant delays and

to ensure the delivery of the proposed design and build of the new SEN school to be completed by September 2021. This proposed delegation will enable the Council to call off the awarded services and works in order to respond to the project timelines which are likely to require decision outside Cabinet timelines, in relation to:

- Variations to the Main Construction Build Contract
- Demolition Works
- Associated Enabling Works Contracts
- Any Early Orders which may be necessary to secure production slots
- Any requirement for temporary accommodation that may be required during the works

- 2.5 The Pre-Construction Service Agreement (PCSA) is due to commence in January 2020 for contract term of 5 months at a maximum value of £452,240 to inform the main construction works agreement for the build of Addington Valley SEN Academy which including the defect liability period, will end by the 31st October 2022.
- 2.6 This recommended contract award will cover all works, goods and services associated with the design and construction of the new SEN school.
- 2.7 The content of this report has been endorsed by the Contracts and Commissioning Board.

CCB ref. number	CCB Approval Date
CCB 1550/19-20	30/01/2020

3. DETAIL

- 3.1 The procurement process for the award of this contract was to call off the ESFA Construction Framework which was procured in accordance with the restricted procedure of the PCR 2015 (The Public Regulations 2015).
- 3.2 The following principles were agreed in the RP2 How we Buy Strategy Paper ref. **CCB1400/18-19**, dated 24/09/18.
- A waiver to the Council’s Tender and Contract Regulations to allow for a direct contract award to be called off for the design and build of the new SEN Free school development at an estimated contract value of £15m in accordance with the ESFA terms. This will ensure compliance with the ESFA time limited funding criteria.
 - The preferred Bidder will be identified in accordance with the terms of the ESFA framework with reference to the respective ranking of the suppliers and evidence provided to demonstrate capacity to fulfil the Council’s requirements to agreed timescales, cost and quality standards.

- Another waiver to the Council's Tenders and Contracts Regulations to depart from the standard evaluation split of 60:40 (price: quality) to reflect the ESFA Framework's pre-determined weighting that was applied based on weighting of 40:60 (price: quality) to ensure compliance with ESFA funding criteria and framework terms (as required prior to the update of the Council's Tenders and Contracts Regulations in July 2019).
- 3.3 To note, there was an error in the ESFA Framework scoring criteria as set out in the RP2 strategy report ref. CCB1400/18-19, dated 24/09/18. The correct ESFA Framework pre-determined weighting which this tender is scored against is 30:70 (price: quality).
- 3.4 The contractors appointed to the higher band of the ESFA framework listed in alphabetical order are:
- BAM Construction Limited,
 - Bouygues UK,
 - Bowmer & Kirkland Ltd,
 - Kier Construction Limited
 - Sir Robert McAlpine
 - Wates Construction Limited
 - Willmott Dixon Construction Limited
- 3.5 The ESFA confirmed that the recommended supplier was the highest ranked framework provider at the time of tendering for this project and in accordance with the original strategy, the direct award procurement route was to apply.
- 3.6 The supplier was asked to submit a Preliminary Invitation to Submit Proposals (PISP) for the project utilising the direct award route through the High Value Band Department for Education Construction Framework. Following the successful submission of the PISP, the supplier was then asked on 17th April 2019 to submit an Invitation to Submit Proposals (ISP). This was based on the Council's requirements for the provision of the design (including the PCSA related activities) and the main construction works.
- 3.7 This was issued via the Council's E-Tendering Portal and followed the ESFA Construction Framework (Direct Award) ISP tender methodology and a formal response was received from the supplier on the 28th June 2019.
- 3.8 Compliance checks and evaluation of the submission were undertaken based on the ESFA's pre-determined evaluation weighting of 30:70 (price: quality) and concluded on the 12th September 2019, against the agreed ESFA scoring template.
- 3.9 The tender submission was evaluated by an Evaluator Panel consisting of the LBC Project Manager, the Councils' appointed professional services advisors for Project Management & Employers Agent and Cost Consultants. The evaluation criteria for the Qualitative submissions is shown below:
Table 1:

Criteria	Sub-Criteria		Weighting	Score
Quality	1	Design Proposals	35%	28%
	2	Overall Approach	10%	8%
	3	Design Management	5%	5%
	4	Construction Management	5%	4%
	5	Project Handover	5%	3%
	6	Whole life and Operational Costs	5%	5%
	7	Social Value	5%	2%
Total			70%	55%

3.10 In accordance with the ESFA Framework's pre-determined evaluation criteria the scoring allocation for price is based on the following:

Score range: 0 to 30

Over-budget = FAIL

On-budget bid = 0 marks

Additional marks determined by % below budget x multiplier of 6.667
= +1 mark for every 0.5% below budget until maximum score of 30

Score calculated to two decimal places.

3.11 Therefore, based on the final ISP submission and the agreed funding allocation of £15.670m the overall evaluation outcome of the combined qualitative and price score is as follows:

Table Two:

	Tender	Qualitative Score	Quantitative Score	Overall Score	Result
1	Supplier	55.00%	PASS	55%	PASS

3.12 Further details with regards to the pricing submission is provided in part B of this report.

3.13 The recommended award of contract to the supplier listed in part B of this report, will deliver a new fit for purpose School for 150 places to be for children and young adults (from age of 2-19) with special educational needs. Social Value commitments to be delivered through this award and will be discussed with the Supplier through the Pre-Construction Stage of the project. This is to ensure that the level of provision is in line with the ESFA Framework Requirements and is suitable for the value and type of contract award. The supplier will be requested to work closely with Croydon Works to ensure local

residents can benefit from any employment opportunities, apprenticeships and work placements.

3.14 To enable the Council to proceed with the implementation of the agreed Pre-Construction Service Agreement programme, CCB has been requested to approve the award of the PCSA stage for the proposed contract term of 5 months at a maximum contract value listed in part B of this report.

3.15 The PCSA will involve the following:

- RIBA Stages 3 and 4 to include; compliance reports, schedules of accommodation, specifications, drawings, environmental and servicing strategies, ICT and finishes schedules and construction phasing
- Planning Application Submission
- Client engagement meetings

3.16 On completion of the PCSA, this will enable Construction to start On Site from June 2020 and include the supply of loose furniture, fixtures and fittings (£180,000) by the awarded supplier.

4. CONSULTATION

4.1 The delivery of this new school is of paramount importance to the Borough to deliver a much needed Specialist Education provision.

4.2 The Project brief was developed in consultation with the Children, Families and Education Department, Orchard Hill College Academy and Trust (approved Academy Sponsor) and the ESFA.

4.3 Internal and external engagement and consultation have been undertaken with relevant stakeholders throughout the project and will continue, including development management, spatial planning, regeneration, highways and local residents.

5. PRE-DECISION SCRUTINY

5.1 The process for awarding the contract has followed set procurement rules and as such has not been considered by Scrutiny.

6 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

6.1 A total project budget of £15,670,000 has been allocated to deliver this new 150 place SEN school on the Timebridge Site for the contract term of 34 months from the approved capital budget that was issued to Cabinet on the 20th January 2020, key decision reference no. 0120 CAB.

6.2 The financial impact of this project is set out below.

6.3 Revenue and Capital consequences of report recommendations

	Current year	Medium Term Financial Strategy – 3 year forecast		
	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
Capital Budget available				
Expenditure	1,305	9,000	5,365	
Effect of decision from report				
Expenditure	468	8,716	5,180	
Remaining budget	837	284	185	

6.4 The effect of the decision

This decision will commit the Council to a total sum listed in part B of this report. The entire sum of money to be awarded through this contract award report is to be drawn down directly from the ESFA 'Invest to Save' funding.

6.5 Risks

Risk	L	I	Mitigations
The project costs will be met by LBC capital and then claimed back from the ESFA and any non-reimbursement payments may need to be met by the council.	L	L	The funding for the project has been agreed in detail between the Council and the ESFA. Confirmation of funding has been approved through the CCF Report dated the 23 rd December 2019 received from the ESFA, however should an unforeseen cost arise, the project team has agreed with the ESFA a process for agreeing these costs in advance of undertaking such works to ensure any costs incurred by the Council will continue to be fully funded.
There is no float contained with the indicative timescales to complete the project. Any delay will have a direct impact on the provision of education services to the cohort planned to start September 2021.	M	H	Continued review and management of the delivery of the project. Key gateway milestones to be implemented and all internal department to be kept informed of any project slippage. Review programme to look at potential sectional completion

			options if required.
Any delay to the planning approval process could result in a delay to the overall delivery programme.	L	M	The project team has already begun pre application planning discussion with the Local Planning Authority to gain advice and understand concerns which will be reflected in the scheme design thus minimising the refusal of the submission.
Construction delays	M	M	Effective contract management will ensure works are delivered within the agreed timeframe. Liquidated Damages for late completion are to be agreed between the Council and Contractor via formal contract agreement.
Performance issues	M	M	Implement Key Performance Indicators as set out in the ESFA Framework and ensure that these are monitored closely each month. Progress will be reported to the Education Estate Strategy Board and Asset Management Board.
the Supplier ceases trading	L	H	Continual review of suppliers financial position and updates from the DfE are to be obtained. To obtain Performance Bond from the supplier for Construction Phase of Works. Undertake full review of financial position and risk prior to the issue of the main works Purchase Order. Payments to supplier are a month in arrears and are based on actual works undertaken on site.

Impact on Three existing Thames Water soakaways that are located on the site	L	H	The new school building and associated structures sit outside of a 5m easement around the outside edge of the existing soakaway structure therefore mitigating any risk to damage of these assets.
--	---	---	--

6.6 Future savings/efficiencies

- 6.6.1 The supplier has been procured through the ESFA framework which sets out the agreed contract rates that have to be adhered to. Their cost submission has been fully reviewed by LBC appointed external cost consultants and technical advisors at the ESFA. It has been deemed that the project is in line with the agreed framework rates and offers the most efficient value for money.
- 6.6.2 The ESFA have benchmarked the cost per pupil for the Addington Valley Academy and they are below the average for a high value band award and a special school. The cost per pupil for this project based on a total project cost set by the ESFA of £15,131,060 is: £100,873 against an average of £103,800.
- 6.6.3 Please note, savings and efficiencies will continue to try and be identified during the PCSA stage of the project and continued value engineering exercises once the project is onsite.
- 6.6.4 The construction of this new school will assist in the reduction of costs associated with the placement of pupils out of Borough. The average cost of a pupil that will attend this school is £32K per annum against an average cost of a pupil attending school out of borough of £55K per annum.

Approved by: Felicia Wright, Head of Finance- Place

7. LEGAL CONSIDERATIONS

- 7.1 The Director of Law and Governance comments there are no additional legal considerations directly arising from this report.

Approved by Sean Murphy, Director of Law and Governance and Monitoring Officer.

8. HUMAN RESOURCES IMPACT

- 8.1 There are no HR implications and if any arise, they will be managed under the Council's policies and procedures.

Approved by: Jennifer Sankar, Head of HR Place & Interim Head of Resources, for and on behalf of Sue Moorman, HR Director.

9. EQUALITIES IMPACT

- 9.1 The project will deliver a SEND facility for 150 pupils aged 2 - 19 to provide their educational requirements within the borough. The facility will provide life skills training and specialist education. Therefore will be no discrimination or negative impact on any of the 9 Groups.

Approved by: Yvonne Okiyo, Equalities Manager

10. ENVIRONMENTAL IMPACT

- 10.1 There are no environmental impacts from the award of this contract.
- 10.2 The proposals for the new building will achieve the highest standards possible within the various site constraints, the DfE Output Specification requirements and will be designed in consideration of the local surroundings.
- 10.3 The new school building is required to achieve BREEAM 'Excellent'

11. CRIME AND DISORDER REDUCTION IMPACT

- 11.1 There are no immediate Crime and Disorder consequences of this proposal.

12. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

This contract has been procured through the ESFA Construction Framework and the tender submission by the Supplier is in line with this and has been deemed to pass.

The award of this contract will enable the provision of 150 SEN places in the borough for September 2021.

13. OPTIONS CONSIDERED AND REJECTED

13.1 Option One: Do nothing

Failure to procure for this requirement will impact the Council's ability to enable young people with special education needs (SEND) to receive education within the borough of Croydon and not meet Statutory Duties. Therefore, application of this option is not deemed to be suitable.

14. DATA PROTECTION IMPLICATIONS

- 14.1 **WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?**

NO

14.2 HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?

NO

This report does not involve the processing of 'PERSONAL DATA'.

The Director of Council Homes, Districts and Regeneration comments that there are no additional data protection implications arising directly from the report.

Approved by: Stephen Tate, Director of Council Homes, Districts and Regeneration

CONTACT OFFICER:	Clive Kershaw, Education Programme Manager. Ext. 47127
BACKGROUND DOCUMENTS:	None

This page is intentionally left blank

REPORT TO:	CABINET 24th FEBRUARY 2020
SUBJECT:	South London Waste Partnership - Waste Collections Contract Variation
LEAD OFFICER:	Steve Iles, Director of Public Realm
CABINET MEMBER:	Councillor Stuart Collins, Cabinet Member for Clean Green Croydon
WARDS:	All
CORPORATE PRIORITY/POLICY CONTEXT/ AMBITIOUS FOR CROYDON	
<p>The project contributes to delivery of the Corporate Plan 2018-2022 in a number of ways as outlined below:</p> <ul style="list-style-type: none"> • P10. Outcome: “People Live Long, Healthy, Happy and Independent Lives” and in what success looks like ‘support the development of a culture of healthy living’- • P16. Outcome: “Everyone feels safer in their home, street and neighborhoods”- . • P18. Outcome: “A cleaner and more sustainable environment. 	
FINANCIAL IMPACT	
<p>As a result of borough growth since the award of the contract, and increased and changing demand for environmental services, an increase of £3,250,000 per annum is required to deliver the contract across all four boroughs within the South London Waste Partnership (SLWP) commencing in 2020/21. Across the remaining term of the contract this amounts to £16,250,000 (until 2025). There will be on-going annual reviews in accordance with contract terms.</p> <p>There is also a one off payment in 2019/20 to Veolia ES (UK) Limited which amounts to £1,379,000 for the SLWP (total variation for the SLWP is £17,629,000).</p> <p>The impact for London Borough of Croydon is an increase of £1,500,000 per annum from 2020/21, so £7,500,000 across the remaining initial term of the contract. This increases the overall contract value for Croydon from £98,489,000 to £105,989,098 for the initial 8 year term.</p> <p>The one off payment in 2019/20 to Veolia ES (UK) Limited for the London Borough of Croydon amounts to £674,000 (total variation for the Council is £8,174,000).</p>	
FORWARD PLAN KEY DECISION REFERENCE NO.: 0920CAB	
<p>This is a Key Decision as defined in the Council’s Constitution. The decision may be implemented from 1300 hours on the expiry of 5 working days after it is made, unless the decision is referred to the Scrutiny & Overview Committee.</p>	

The Leader has delegated to Cabinet, the power to make the decisions set out in the recommendation below:

1. RECOMMENDATION(S)

- 1.1 In accordance with regulation 30 of the Council's Tenders and Contract Regulations the Cabinet is recommended to approve a variation of the contract entered into with Veolia ES (UK) Limited on behalf of the South London Waste Partnership for Waste Collections and Related Environmental Services Contract, to provide for an increase in the annual contract value of £3,250,000 and a one off payment of £1,379,000, which for the term of the contract amounts to an additional £17,629,000 (until 2025). The impact for the London Borough of Croydon is increased expenditure of £1,500,000 a year for the remainder of the initial term (to 2025), and a one off lump sum of £673,955.

2. EXECUTIVE SUMMARY

- 2.1 This variation is for the South London Waste Partnership contract; Waste Collections and Related Environmental Services, with Veolia ES (UK) Limited to reflect the additional increase in growth across the boroughs within the SLWP. The variation has been negotiated as part of the contract's annual review process.
- 2.2 The content of this report has been endorsed by the Contracts and Commissioning Board.

CCB ref. number	CCB Approval Date
CCB1552/19-20	07/02/2020

3. DETAIL

- 3.1 The Council, as part of the SLWP, have contracted with Veolia, which commenced 31st March 2017. As part of this contract there is an annual review process. The original award was approved by Cabinet on 11th July 2016 (ref: A81/16).
- 3.2 The outcome of the Annual Review for 2019/20 concluded in an increase of the annual contract value of £3,250,000 and a one off payment of £1,378,916 for the SLWP. This amounts to £17,629,000 across the remainder of the initial term of the contract (until 2025).

- 3.3 The effect of the variation on the Council is £1,500,000 per annum which is £7,500,000 across the remainder of the initial term of the contract to reflect the increased property growth and changing demand for environmental services.
- 3.4 There is also a one off payment of £673,955 to reflect the contract adjustment for years 2 and 3 of the contract.

4. CONSULTATION

- 4.1 There is no requirement for consultation.

5. PRE-DECISION SCRUTINY

- 5.1 The process for awarding the original contract has followed set procurement rules and as such has not been considered by Scrutiny. The budget for this variation has been presented at Scrutiny on the 10th February (Pre-Decision Scrutiny: Proposed General Fund Revenue Budget 2020/21).

6. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

6.1 Revenue and Capital consequences of report recommendations

The table below shows the impact on the whole of the SLWP

	Current year	Medium Term Financial Strategy – 3 year forecast		
	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
Increased spend across the SLWP	1,379	3,250	3,250	3,250
Increased spend for LB Croydon	674	1,500	1,500	1,500

6.2 The effect of the decision

The effect of the decision will mean an increase in spend for the Council of £1,500,000 per annum and £7,500,000 across the next 5 years. In 2019/20, the Council will be making a one off payment of £673,955.

6.3 Risks

If not approved, this would likely result in a situation where the contract was in dispute and arbitration is required. This in itself could negatively impact on service delivery and the performance of a high profile front line service. Under Regulation 72(1) (a) of the Public Procurement Regulations 2015, modifications which are provided for in the original contract in clear, precise and unequivocal review clauses will not give rise to a requirement to undertake a new procurement process.

6.4 Options

See section 13 below.

6.5 Future savings/efficiencies

A range of options for future savings across the service area have been prepared as part of the Council's budget setting process.

Approved by: Lisa Taylor, Director of Finance Investment and Risk and S151 Officer

7. LEGAL CONSIDERATIONS

7.1 There are no additional legal considerations arising directly from the report.

Approved by: Sean Murphy, Director of Law and Governance Monitoring Officer

8. HUMAN RESOURCES IMPACT

8.1 There is no immediate impact for Croydon Council employees or staff identified in this report. If any should arise these will be managed under the Council's policies and procedures

Approved by Jennifer Sankar, Head of HR Place for and on behalf of Sue Moorman, HR Director.

9. EQUALITIES IMPACT

9.1 An Equality Analysis has not been undertaken because the practice is not relevant to equality. There are no known equalities matters arising from the recommendation to continue with this model of delivery.

Approved by Yvonne Okiyo, Equalities Manager

10. ENVIRONMENTAL IMPACT

10.1 No discernible impact identified as a result of this contract variation.

11. CRIME AND DISORDER REDUCTION IMPACT

11.1 There are no direct crime and disorder impacts identified as a result contract variation.

12. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

12.1 The recommendation is in accordance with the contract terms and conditions for annual reviews.

13. OPTIONS CONSIDERED AND REJECTED

13.1 There are no other options to be considered due to the Council being part of the SLWP.

14. DATA PROTECTION IMPLICATIONS

14.1 **WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?**

No

14.2 **HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?**

No

Approved by: Steve Iles, Director of Public Realm

CONTACT OFFICER: Steve Iles, Director of Public Realm
BACKGROUND DOCUMENTS: None

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

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

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