

# Scrutiny & Overview Committee Agenda



To: Councillors Sean Fitzsimons (Chair), Robert Ward (Vice-Chair), Leila Ben-Hassel (Deputy-Chair), Jerry Fitzpatrick, Oni Oviri and Joy Prince

Reserve Members: Jeet Bains, Robert Canning, Richard Chatterjee, Pat Clouder, Mary Croos and Andrew Pelling

A meeting of the **Scrutiny & Overview Committee** which you are hereby summoned to attend, will be held on **Monday, 21 December 2020 at 5.00 pm. This meeting will be held remotely.**

Jacqueline Harris Baker  
Council Solicitor & Monitoring Officer  
London Borough of Croydon  
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www.croydon.gov.uk/meetings  
Friday, 11 December 2020

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If you require any assistance, please contact Simon Trevaskis as detailed above.

## **AGENDA – PART A**

### **1. Apologies for Absence**

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

### **2. 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.

### **3. 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.

### **4. CALL-IN: Key Decision - Parking Charges Review January 2021 (Pages 5 - 74)**

To consider and respond to the Call-In in accordance with the procedure set out in the Council's constitution.

### **5. Strategic Review of Companies and other Investor Arrangements - Brick by Brick Croydon Ltd ("BBB") Shareholder Decision - Directors and Articles of Association (Pages 75 - 132)**

The Committee is recommended to:

1. Consider and review the Cabinet report and the Action Plan;
2. Consider any proposed amendments or feedback that it wishes to make on the action plan; and
3. Submit that feedback in a report to Cabinet at its meeting on 18 January 2020.

**6. 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.”

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# Agenda Item 4

<b>REPORT TO:</b>	<b>SCRUTINY AND OVERVIEW COMMITTEE</b> <b>21 December 2020</b>
<b>SUBJECT:</b>	<b>CALL IN: Parking Charges Review January 2021</b>
<b>LEAD OFFICER:</b>	<b>Stephen Rowan, Head of Democratic Services and Scrutiny</b>
<b>CABINET MEMBERS:</b>	<b>Councillor Muhammad Ali, Cabinet Member for Sustainable Croydon</b>

<b>ORIGIN OF ITEM:</b>	This item has been triggered by the call-in of the decision (5120ETR) by the Cabinet Member for Sustainable Croydon on 4 December 2020 on the Parking Charges Review January 2021.
<b>BRIEF FOR THE COMMITTEE:</b>	To consider and respond to the Call-In in accordance with the procedure set out in the Council's constitution (set out in paragraph 2.3 below).

## 1. EXECUTIVE SUMMARY

- 1.1 The decision taken on the Parking Charges Review January 2021 by the Cabinet Member for Sustainable Croydon on 4 December 2020 (5120ETR) has been called-in by 18 members of the Council. The decision was made by the Leader to delegate this decision to the Cabinet Member (6120LR).
- 1.2 Attached to this report are:
- **Appendix A** is the Parking Charge Review January 2021 Decision Report
  - **Appendix B** is the Key Decision Notice
  - **Appendix C** is the completed call in form that was received by the Monitoring Officer

## 2. CALL-IN – PARKING CHARGES REVIEW JANUARY 2021

- 2.1 The decision taken by the Cabinet Member for Sustainable Croydon, that is the subject of this call-in, was as follows:

*The Cabinet Member **RESOLVED** :*

1. *To agree, for the reasons detailed in the report, to amend the existing Traffic Management Order to effect a 30p per 30min increase in the P&D parking bay charges.*
  2. *To note that the recommended 30p per 30min increase would coincide with the implementation of emission-based banded parking charges, as agreed by Cabinet 25 March 2019.*
- 2.2 The call-in pro-forma is attached at Appendix C. The decision form was received on 9 December 2020 from Councillor Gareth Streeter and was signed via email by the following Councillors: Ian Parker, Helen Redfern, Jason Perry Vidhi Mohan, Jeet Bains, Helen Pollard, Stuart Millson, Jason Cummings, Lynne Hale, Simon Brew, Richard Chatterjee, Luke Clancy, Steve Hollands, Simon Hoar, Andy Stranack, Sue Bennett and Robert Ward.

2.3 The reasons stated for the Call-In are that:

**The decision is outside the policy framework**

“Croydon Council is not allowed to use car parking charges as a fiscal measure. This is widely acknowledged in the paperwork. The timing of this increase argues that this is exactly how the measure is being used:

- It has appeared in two documents about managing emergency funds for the council
- Evidence suggests that car usage is falling in Croydon. So that can't be a justification for introducing the policy now
- While the money will be ringfenced, it seems as if Croydon is now trying to fund a higher proportion of the road maintenance budget from parking charges. This effectively frees up money from elsewhere, or prevents cuts elsewhere. Either way it is using car parking charges as a fiscal measure.

If the council is anticipating additional funds as a result of these measures (and it is), please can it provide evidence as to how it will use these funds to better maintain Croydon's roads. Especially as it is now planning to only maintain roads to “safest minimum levels.”

**The decision is inconsistent with another council policy**

“The council has stated that one of its corporate priorities is to support and encourage local businesses.

These charges will be bad for local businesses, especially when combined with the corresponding decision to remove free parking bays.

This will especially hit areas that border Bromley (Shirley / Addiscombe / Selsdon / Crystal Palace). Charges are cheaper there. And businesses that are near Caterham (Coulsdon), where parking is generally free.

In recent years, the council has made parking cheaper on the basis that this is what local businesses need to thrive. What evidence is there that this situation has changed?”

2.4 The outcomes desired from the Call-In are stated as:

1. To gain reassurance that charges are not being used as a fiscal measure
2. To gain reassurance that this policy does not compromise the council's commitment to local businesses
3. To secure reassurance that this policy has been considered in context with wider changes to parking policy and that the collective impact of all these has been considered by members as a whole

2.5 The Call-In request has also set out the information it requires to assist the consideration of the referral. The information requested is stated as:-

- i. Croydon's analysis of car ownership across the borough.
- ii. Details of Croydon's plans to only maintain roads to the “safest minimum levels”
- iii. Details of any assessments Croydon has made about the impact on business

### 3. CALL-IN PROCEDURE

3.1 The Council's Constitution, Part 4E Scrutiny & Overview Procedure Rule, states:

*“11.08 The referral shall be considered at the next scheduled meeting of the Scrutiny and Overview Committee unless, in the view of the Borough Solicitor, this would cause undue delay. In such cases the Borough Solicitor, will consult with the decision-taker and the Chair of Scrutiny and Overview to agree a date for an additional meeting. The Scrutiny and Overview Committee may only consider a maximum of three referrals at any one meeting.*

*11.09 At the meeting, the referral will be considered by the Committee which shall determine how much time it will give to the call-in and how the item will be dealt with including whether or not it wishes to review the decision. If having considered the decision there are still concerns about the decision then the Committee may refer it back to the Cabinet for reconsideration, setting out in writing the nature of the concerns. The Cabinet shall then reconsider the decision, amending the decision or not, before making a final decision.*

*11.10 The Scrutiny and Overview Committee may refer the decision to the Council if it considers that the decision taken by the Leader or Cabinet is outside the Budget and Policy Framework of the Council. The Council may decide to take no further action in which case the decision may be implemented. If the Council objects to Cabinet's decision it can nullify the decision if it is outside the Policy Framework and/or inconsistent with the Budget.*

*11.11 If the Scrutiny and Overview Committee decides that no further action is necessary then the decision may be implemented.*

*11.12 If the Council determines that the decision was within the Policy Framework and consistent with the Budget, it will refer any decision to which it objects, together with its views on the decision, to the Cabinet. The Cabinet shall choose whether to either, amend, withdraw or implement the original decision within 10 working days or at the next meeting of the Cabinet after the referral from the Council.*

*11.13 The responses of the decision-taker and the Council shall be notified to all Members of the Scrutiny and Overview Committee once the Cabinet or Council has considered the matter and made a determination.*

*11.14 If either the Council or the Scrutiny and Overview Committee fails to meet in accordance with the Council calendar or in accordance with paragraph 11.08 above, then the decision may be implemented on the next working day after the meeting was scheduled or arranged to take place.”*

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**CONTACT OFFICER:**

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**APPENDIX A:** Parking Charges Review January 2021 report

**APPENDIX B:** The Key Decision notice

**APPENDIX C: Call-In Proforma**



<b>REPORT TO:</b>	<b>TRAFFIC MANAGEMENT ADVISORY COMMITTEE 14 OCTOBER 2020</b>
<b>SUBJECT:</b>	<b>PARKING CHARGES REVIEW JANUARY 2021</b>
<b>LEAD OFFICER:</b>	<b>Shifa Mustafa, Executive Director, Place</b>
<b>CABINET MEMBER:</b>	<b>Councillor Stuart King, Acting Cabinet Member for Environment, Transport &amp; Regeneration (Job Share)</b>
<b>WARDS:</b>	<b>All</b>
<b>CORPORATE PRIORITY/POLICY CONTEXT/AMBITIOUS FOR CROYDON:</b>	
<p>Croydon's Parking Policy 2019-2022 supports the following corporate strategies and policies:</p> <ul style="list-style-type: none"> <li>• Our Corporate Plan for Croydon 2018-2022</li> <li>• Air Quality Action Plan 2017-2022</li> <li>• Croydon Local Plan</li> <li>• Health and Wellbeing Strategy</li> <li>• Local Implementation Plan (LIP3)</li> <li>• Croydon Cycling Strategy 2018-23</li> </ul> <p>Croydon's Parking Policy 2019-2022, sets out that parking charges are operated in accordance with the Road Traffic Regulations Act 1984, including having regard to the desirability of securing and maintaining reasonable access to amenities and to the National Air Quality strategy.</p>	
<b>FINANCIAL IMPACT:</b>	
<p>The required capital expenditure of £150k will be funded from the 2020/21 capital programme. The scheme will result in between £748k (without emission-charges) and £1,023m (with emission-charges) additional income in-year, subject to the outcome from the pending consultation on emission-based parking charges.</p>	
<b>KEY DECISION REFERENCE NO.: 5120ETR</b>	
<b>RECOMMENDATIONS:</b>	
<p>The Committee is recommend to:</p> <ol style="list-style-type: none"> <li>1.1 Agree, for the reasons detailed in this report, to amend the existing Traffic Management Orders to effect a 30p per 30min increase in the P&amp;D parking bay charges and to advise the Cabinet Member for Transport and Environment (job share) accordingly.</li> <li>1.2 Note that the recommended 30p per 30min increase would coincide with the implementation of emission-based banded parking charges, as agree by Cabinet 25 March 2019.</li> </ol>	

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| 1.3 | If it is agreed to proceed, delegate to the Highway Improvement Manager, Public Realm Directorate the authority to give a Public Notice of variation. |
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## **2 EXECUTIVE SUMMARY**

- 2.1 Revising the parking charges has the traffic management purpose of managing kerb side demand and influencing car use, to support general accessibility to amenities and in response to overarching national, regional and local drivers for addressing the borough's air quality and public health challenges.
- 2.2 The resulting detailed charges are listed in Appendix 1 and 2.
- 2.3 For clarity, the recommendation does not extend to or affect the following parking and permit related charges:
- Residential, business and other parking permits.
  - Disabled Blue Badge parking concessions.
  - The 460 district centre currently 1-hr free bays that are subject to a consultation under the emission-based parking charges scheme.
  - Charges associated with parking bay suspension and dispensation.
  - School Street access permits.
- 2.4 Subject to the recommendations being agreed, the statutory procedure defined in the RTRA1984 requires the publication of a Public Notice of variation minimum 21 days in advance of the implementation date. It is recommended the revised parking charges could eventually take effect on 1 January 2021 and be fully implemented by 15 February 2021, to coincide with the introduction of emission-based banding.
- 2.5 The required capital expenditure of £150k will be funded from the 2020/21 capital programme. The scheme will result in between £748k (without emission-charges) and £1,023m (with emission-charges) additional income in-year, subject to the outcome from the pending consultation on emission-based parking charges. This income is ring-fenced to the Traffic Management Account, from where it can be allocated to highways or transport related purposes.

## **3 DETAIL**

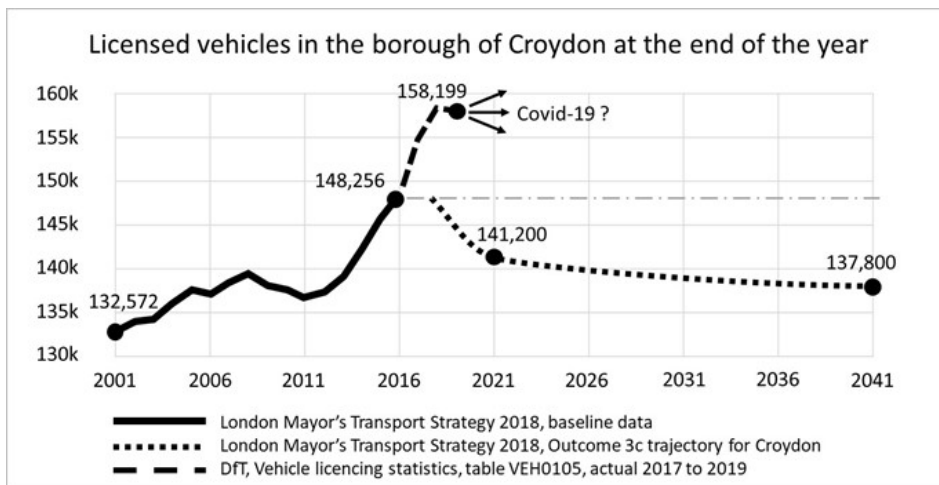
### **3.1 TRAFFIC MANAGEMENT OBJECTIVE**

- 3.1.1 Parking charges are a traffic management device that contributes towards meeting the Council's road network duties under the Traffic Management Act 2004 and the Road Traffic Regulations Act 1984. The RTRA1984 makes provision for the Council managing parking facilities on and off the highway, having regards to the desirability of securing and maintaining reasonable access to amenities, the National Air Quality Strategy and other relevant traffic

management objectives. This includes the establishment of parking charges to help manage the demand and nature of use of the parking facilities.

- 3.1.2 The RTRA1984 is not a fiscal measure and does not authorise the Council to use its powers to charge for parking solely to raise revenue. Any surplus from parking charges is ring-fenced to the Traffic Management Account (TMA), from where it can be allocated to highway or transport related expenditures as defined under the Act.
- 3.1.3 The duty to reduce the causes of congestion and disruption on the road network extends to both moving traffic and to parking. Every car journey starts and ends with a parking space. Parking charges are therefore an important device in influencing car use and traffic.
- 3.1.4 Croydon's Parking Policy 2019-2022<sup>1</sup>, sets out that parking charges are operated in accordance with the RTRA1984.
- 3.1.5 The London Mayor's Transport Strategy 2018 (MTS), which prioritises public health and aims to reduce car use throughout London, is transposed into the Third Local Implementation Plan (LIP3). The MTS Outcome 3c for "London's streets will be clean and green" targets that traffic will fall and congestion kept in check, allowing more efficient operations. The MTS has defined a trajectory for the number of vehicles registered in Croydon to reduce to 141,200 by end of 2021 and to 137,800 by 2041.
- 3.1.6 The majority of parking charges in the Borough apply in on-street parking bays, which are mostly shared between parking permit holders and pay and display (P&D) bay users. This sharing maximises flexibility for drivers ensuring that there are access opportunities for visitors and customers to local businesses, whilst giving a degree of priority to resident permit holders and groups with protected characteristics. In accordance with the statutory requirements, the structure and level of parking charges must be designed to help balance this supply and demand. Roads and car parks where parking demand is high therefore tend to have higher P&D charges and shorter parking duration than lower demand areas.
- 3.1.7 As the borough continues to grow in population and density, the aim for periodically reviewing parking charges is to contribute to maintaining the access to homes, businesses and other amenities and to reduce the adverse environmental and public health impacts associated with non-essential car use. This is achieved by maintaining parking charges at a level that will encourage a lesser reliance on cars and support the effective management of the demand on the kerbside.
- 3.1.8 The number of vehicles registered in Croydon grew from 132,572 in 2001 to 148,256 in 2016 (the MTS/LIP3 baseline) and to 159,199 at the end of 2019 (DfT data). The ongoing rate of growth appears to have stalled, with 162 fewer vehicles registered in 2019 compared to 2018. The post-Covid situation is largely unpredictable. On one hand, the early signs indicate an increase in car use, as travellers avoid public transport. On the other hand, future trends in

home working and the potential for a post-Covid economic effect (as shown for the 2008 downturn) would likely contribute to a reduction in car use. Notwithstanding this uncertainty, the gap to the prescribed MTS/LIP3 trajectory is currently substantial.



3.1.9 Parking pressure is a growing problem. This became particularly evident during the recent Covid-19 lockdown, when more drivers stayed at home and many Controlled Parking Zone (CPZ) roads became overwhelmed. It became necessary to suspend parking enforcement, except for the most obstructive and dangerous parking. The situation presented a disservice to many residents who found it difficult to access their homes. Many residents had to park their cars several roads away from their homes and outside the CPZs, where they inadvertently impeded residents in these other areas.

3.1.10 When demand for parking in a location exceeds the available kerbside space, then parking space becomes a premium and drivers become more desensitised to the parking charges. The parking charges in effect lose their effectiveness in managing the excess demand. Maintaining parking charges at too low a level will insufficiently influence travel mode choices, such as the use of car clubs and cycling, and it will not help encouraging those who are able to give up a non-essential car.

3.1.11 Parking places across the Borough are generally oversubscribed, which indicates that current charges have not reached the price elasticity point. When one driver deselect using the car unnecessarily (which is a traffic management objective), then another is ready to take the space. In such a situation, parking charges should be increased until the sensitivity point is reached and a sufficient degree of car travel and parking is discouraged. Essential car owners, who needs to driver, will find easy accessible parking more valuable than cheap parking.

3.1.12 The Cabinet on 25 March 2019<sup>2</sup> agreed a phased approach to introducing emission-based parking charges. This includes the implementation of emission-based banding of parking charges in P&D destination parking places from 1 January 2021. Considering the costs and disruption from revising tariff information on 800+ signs and P&D machines, it is preferable to combine the

implementation of the emissions scheme and the charges increase into a single works project.

3.1.13 Parking controls will contribute to the control of congestion and emissions. The reciprocal – that emission-controls contribute to parking controls – does not automatically hold true. While transport policy in general is concerned with unreliability of journey times caused by unanticipated congestion, journey times can also become uncertain because of the failure to find vacant destination parking space, with further consequences to local congestion arising from the searching and idling for parking spaces. All cars in fact take up parking space, cause congestion and show hostility towards cyclists and pedestrians, regardless of emission levels and fuel type. Emission-based parking charges are important to reduce harmful emissions, but they are not the full solution to reducing congestion and making the road space more attractive to cycling. The general parking times and charges structure are more effective in achieving this.

3.1.14 The average car is parked at home for about 80% of the time, parked elsewhere for about 16.5% of the time, and is used for the remaining 3.5% [source: RAC Foundation, Spaced Out: Perspectives on parking policy, July 2012]. Parking management measures typically operate by designating or moderating the provided space and through the parking time and charges structure. Motorists can respond to the measures by:

- Parking in a place that best suit personal needs;
- Parking in a different location with more space or lower charges, maybe with further to walk;
- Parking for a different length of time;
- Making use of parking discounts, such as off-peak or emission-based pricing;
- Changing the mode of travel;
- Changing the destination; or
- Abandoning the journey.

3.1.15 A comprehensive review of on-street and off-street parking charges was carried out in 2016 with a simpler linear tariff being introduced with set rates per 30 minutes for P&D bay charges. This was carried out as part of a fair parking policy to provide a more consistent approach across the Borough, in an operationally cost-effective way, while complying with the road network duties placed upon the Council. The then introduced charges were subsequently reviewed in 2018, which was the most recent review prior to this report.

3.1.16 Croydon's good transport links, to both London, Gatwick and the Tram route across the borough, makes Croydon susceptible to external commuter parking – i.e. from drivers arriving from outside the borough and who use Croydon primarily for all-day car parking while they travel on. This can in places impede access for local residents and local business customers. Comparing parking charges in Croydon with those in the immediate neighbouring boroughs, there

currently is an abnormality in Croydon offering the lowest priced all day parking. This situation has developed in combination with increased parking pressure from more cars being on the road.

Town	Croydon	Bromley	Sutton	Merton	Caterham
1 hour in district centre	Free	70p	£1.20	£1.50	Free
2 hours in central zone	£5.20	£3.80	£4.50	£6.00	Free
8 hours in residential zone	£4.80/£8.00	£8.80	£9.00	£12.00	Free
8 hours in district car park	£4.80	£5.60	£4.50	£5.00/£7.00	Free
8 hours in central car park	£13.60	£14.00	£5.00	£16.00	Free

\* Obtained July 2020.

3.1.17 The 2 hours on-street charge in the Croydon central zone is higher than the in privately operated multi-storey car parks. The privately operated cars parks all operate with spare capacity, meaning that drivers have choices. It is a traffic management objective to encourage off-street parking where possible. The following example tariffs were obtained in July 2020. The 2-hour charges in the privately operated Centrale Centre car park is £3.70, Qpark (off Surrey Street) is £4.00 and NCP in Wandle Road (by Flyover) is £3.50. Centrale has a standing offer of £5.70 for all day parking. QPark has a season ticket that is £5.00 equivalent per day option. NCP at the Whitgift Centre is £6.20 for 2 hours, although it has an early bird (pre-9am) £4.50 all day and season ticket that is £4.35 equivalent per day options.

3.1.18 Across the district centre high streets, the emission-based parking charges scheme agreed by Cabinet on 25 March 2019<sup>2</sup>, has opened a consultation on converting 460 time limited 1-hour free parking bays, to 2-hour maximum emission-based charged parking<sup>3</sup>. This supports the emissions-reduction objectives and has a further traffic management purpose in helping to improve customer access/footfall and the attractiveness of public realm near shops and other business outlets in the district centres. The locations are as follows:

- District Centre high streets in South Norwood, Thornton Heath, Selsdon, Purley and Coulsdon Town.
- Local centres in Beulah Hill, Cherry Orchard Road, Lower Addiscombe Road, Addiscombe, Brighton Road (South Croydon), Station Approach Sanderstead, and Old Lodge Lane (Purley).
- London Road between Sumner Road and Broad Green Avenue.

It is recommended not to apply any charges increase, should the outcome of the above described consultation result in a newly converted tariff structure.

3.1.19 In summary to this section 3.1, there is a Traffic Management purpose in the following objectives:

- a) Revise P&D bay charges, to a level where they reach the price elasticity point and become relevant to the traffic management purpose – i.e. to contribute to meeting the trajectory for cars reduction prescribed by the MTS/LIP3 Outcome 3c.
- b) The revised charges must proportionately align to the evolved parking pressures and represent an increase that exceeds that recently introduced for emission-based parking permit charges, to secure that resident permit holders are not deprioritised in access to the parking capacity in residential roads.
- c) The parking reduction impact must incur mostly in the longer stay bays. These bays tend to be in residential roads, where local residents compete for space with commuters and day visitors. The residents will have access to discounted parking permits and visitor permits, and need therefore not be impacted by P&D charges.
- d) In the Croydon central zone, there is a purpose in encouraging drivers to use the under-utilised off-street parking capacity in the privately operated car parks, to help free up the streets from parked cars and make more space for pedestrians and cyclists.
- e) Disabled Blue Badge holders must continue to park for free and can also park where certain restrictions otherwise applies.
- f) Implement the revised P&D charges increase in combination – i.e. simultaneously – with the emission-based charges structure that was agreed by Cabinet in March 2019, to minimise cost and disruption from making the tariff changes.

## 3.2 PRIOR ENGAGEMENT

3.2.1 The draft Parking Policy 2019-2022 was consulted on in May 2019, prior to its final approval in July 2019.

3.2.2 A survey on the future of transport for the then draft third Local Implementation Plan (LIP3) in September 2018 found that 74% of 994 respondents are concerned about air quality in Croydon and 72% agreed that traffic levels should be lowered.

## 3.3 PROPOSED CHARGES

3.3.1 A 30p per 30min increase in parking charges is required to discourage a level of car travel and parking – to appropriately address the MTS/LIP3 car use reduction objective. Subject to the emission-based tariff structure being agreed, a 30p per 30min increase would apply to the default emissions Band 3. Drivers

of emission Band 2 vehicles, which represents the majority 65% of cars registered in the Borough, will incur a 25% discount and effectively experience a 23p increase; while drivers of electric vehicles will experience a 3p increase.

- 3.3.2 The parking reduction impact will mostly incur in the longer stay bays, where the charges increase is multiplied by a higher number of 30min units and therefore appears more noticeable. These longer stay bays tend to be in residential roads, where local residents compete for space with commuters and day visitors.
- 3.3.3 Residents have access to discounted parking permits and visitor permits and do therefore not need to be affected by the 30p P&D increase. The 30p increase can thereby better serve the traffic management purpose of providing a degree of priority to residents.
- 3.3.4 The 30p per 30min increase will have a lesser perceivably effect in short stay bays, which are often near to shops and amenities and which depend on a high turnover in parking events. It is I fact assumed that freeing up bays from longer-stay parking will offer opportunity for more short stay events.
- 3.3.5 The table below shows the estimated changes in parking events in the individual time bands, which would result from a 30p per 30min increase. The net result adds up to a net 12% reduction in parking events, which would mainly occur in the longer stays such as commuter parking. Considering that parking charges were last revised in September 2018 and that revisions have historically tended to happen every other year, the 12% parking reduction is in line with the Mayor’s Transport Strategy, as adopted into Croydon’s LIP3.

Time band	Existing avg. charge*	New avg. charge	% of events	Est. events change	Net income effect
30min	£0.50	£0.80	24%	+4%	+32%  =£2.64m p.a.
1hr	£1.20	£1.80	19%	+2%	
2hr	£2.05	£3.25	10%	-3%	
4hr	£4.70	£7.10	8%	-20%	
8hr+	£9.40	£14.20	39%	-30%	

\* Note, the average charge combines charges across different time limited bays. For example, 1 hour parking is £2.60 in a max 2-hr zone, while it is £0.60 in a max 8-hr zone. The average depends on the distribution in bay usage between the different zone types.

- 3.3.6 The resulting detailed tariffs for each the individual parking places are listed in Appendix 1 and 2. Note that 2 two possible outcomes are presented. The resulting outcome from this decision depends on the outcome from a separate public consultation and decision on introducing emission-based parking charges.

**New outcome ‘A’** is the new charges that would result from this report decision if the emission-based charges do not proceed.



**New outcome 'B'** is the new charges that would result from this report decision if the emission-based charges do proceed.

The Public Notice described below will be published once the emissions-based scheme has been decided upon, in accordance with the decision authority authorised by Cabinet on 25 March 2019. This report hence recommends the 30p/30min increase in parking charges, regardless which of the two outcome options becomes relevant. The resulting Public Notice will list the appropriate outcome columns only – i.e. the irrelevant column will be deleted prior to publication.

- 3.3.7 The reason for presenting the decision in this 'parallel' fashions, as opposed to treating the schemes sequentially in isolation, is to enable the 2 schemes be implemented simultaneously. The combined implementation reduces costs, resources demand and disruptions/confusion to drivers that would otherwise occur if implementing the schemes in 2 sequential steps.
- 3.3.8 For clarity to Appendix 2, Droves Road and Duppas Hill Terrace a 2 small rows of bays immediately adjoining the highway, but which actually stands on off-street land. They are covered by an off-street TMO, but are otherwise fully aligned to the 4-hour on-street CPZ and accepts the 'West' zone on-street resident permit.

### 3.4 PUBLIC NOTICE

- 3.4.1 In accordance with section 35C and 46A of the Road Traffic Regulation Act 1984, subject to the recommendations being agreed, the revised parking charges will require publication in a local paper (Croydon Guardian) and London Gazette for a minimum of 21 days in advance of their implementation. The statutory procedure for the notice of variation in parking charges does not include any requirement for inviting or considering objections.

### 3.5 IMPLEMENTATION

- 3.5.1 Subject to the recommendations in this report being agreed and the further decision process, a Traffic Management Order amending the charges can come into effect on 1 January 2021. From this date, the update to P&D machine notices, including displaying the new process for obtaining the lower emissions discounts, and physical replacement of mobile pay signs and car park tariff boards will be undertaken. The preparation and works will demand the temporary allocation of a dedicated project resource, proposed to be filled by an internal secondment.
- 3.5.2 It would be unacceptable to start replacing certain tariff signs in advance of the Traffic Management Order legally coming into effect, even if drivers were still to incur the earlier revision of parking charges. It is therefore logistically unavoidable that for a few days over the implementation period, some drivers

will experience paying less than the newly displayed tariff. This is preferred to the opposite scenario, where drivers are charged more than the displayed tariff.

#### 4 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

##### 1 Revenue and Capital consequences of report recommendations

	Current year	Medium Term Financial Strategy – 3 year forecast		
	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000
<b>Revenue Budget available</b>				
Expenditure	0	0	0	0
Income	(800)	(1,630)	(1,630)	(1,630)
<b>Effect of decision from report</b>				
Expenditure	0	0	0	0
Income	(748)	(2,640)	(2,640)	(2,640)
<b>Remaining budget</b>	<u>52</u>	<u>(1,010)</u>	<u>(1,010)</u>	<u>(1,010)</u>
<b>Capital Budget available</b>				
Expenditure	0	0	0	0
<b>Effect of decision from report</b>				
Expenditure	150	0	0	0
<b>Remaining budget</b>	<u>150</u>	<u>0</u>	<u>0</u>	<u>0</u>

##### 2 The effect of the decision

The in-year income is £748k, but this could potentially augment by £275k, to become £1,023, subject to the yet unknown outcome of the consultation on emission-based charges structure.

The introduction of emission-based destination parking charges in 2021, as per the 25 March 2019 Cabinet report (background paper 1) and subject to consultation, would produce a full-year (£830k) effect in 2021/22. This pre-programmed effect is assumed for information purpose and included in the 'Revenue Budget available' line for future years – although this future budget remains to be approved.

##### 3 Risks

No particular financial risks are identified.

#### **4 Options**

Not introducing the recommended charges would result in a £800k pressure on the 2020/21 parking income budget, in addition to the pressure already impacted by Covid-19.

#### **5 Future savings/efficiencies**

The scheme is not expected to create any savings or efficiencies.

*Approved by, Kate Bingham, Head of Finance on behalf of the Director of Finance, Investment and Risk and S151 Officer.*

### **5 LEGAL CONSIDERATIONS**

- 5.1 The Head of Litigation and Corporate Law comments on behalf of the Director of Law and Governance that Sections 6, 35C, 45, 46, 47, 49, 124 and Part IV of Schedule 9 of the Road Traffic Regulation Act 1984 (RTRA) provides the Council with the power to implement the changes proposed in this report. This legislation gives a local authority the power to make Traffic Management Orders (TMO) to control parking by designating on-street and off-street parking places, charging for their use and imposing waiting and loading restrictions on vehicles of all or certain classes at all times or otherwise.
- 5.2 In making such Orders, the Council must follow the procedures set out at Schedule 9, Part III of the Road Traffic Regulation Act 1984 and detailed in the Local Authorities Traffic Orders (Procedure)(England and Wales) Regulations 1996 (the 1996 Regulations). The said Regulations, prescribe inter alia, specific publication, consultation and notification requirements that must be strictly observed. It is incumbent on the Council to take account of any representations made during the consultation stage and any material objections received to the making of the Order, must be reported back to the decision maker before the Order is made.
- 5.3 By virtue of section 122 of the RTRA, the Council must exercise its powers under that Act so as to secure the expeditious, convenient and safe movement of vehicular and other traffic including pedestrians, and the provision of suitable and adequate parking facilities on and off the highway. These powers must be exercised so far as practicable having regard to the following matters:-
- the desirability of securing and maintaining reasonable access to premises.
  - the effect on the amenities of any locality affected including the regulation and restriction of heavy commercial traffic so as to preserve or improve amenity.
  - the national air quality strategy.
  - the importance of facilitating the passage of public service vehicles and of securing the safety and convenience of persons using or desiring to use such vehicles.
  - any other matters appearing to the Council to be relevant.
- 5.4 The High Court has confirmed that the Council must have proper regard to the matters set out at s 122(1) and (2) and specifically document its analysis of all relevant section 122 considerations when reaching any decision.

- 5.5 Finally it should be noted that the Courts have been clear that the Road Traffic Regulation Act 1984 is not a fiscal measure and does not authorise a local authority to use its powers to charge local residents for parking in order to raise surplus revenue for other transport purposes.
- 5.6 When designating and charging for parking places the authority should be governed solely by the section 122 purpose. There is in section 45 no statutory purpose specifically identified for charging. Charging may be justified provided it is aimed at the fulfilment of the statutory purposes which are identified in section 122 (broadly referred to as “traffic management purposes”). Such purposes may include but are not limited to, the cost of provision of on-street and off-street parking, the cost of enforcement, the need to “restrain” competition for on-street parking, encouraging vehicles off-street, securing an appropriate balance between different classes of vehicles and users, and selecting charges which reflect periods of high demand. What the authority may not do is introduce charging and charging levels for the purpose, primary or secondary, of raising section 55(4) revenue.

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

## **6 HUMAN RESOURCES IMPACT**

- 6.1 The recommendations in this report do not have any human resources implications. The implementation project calls for a temporary 6-week internal secondment, which will be met from existing budgets and can present a personal development opportunity for a member of staff. Any additional HR issues which arise other than in the planned budget and establishment will be managed under the Council’s policies and procedures.

*Approved by: Jennifer Sankar, Head of HR Place & GSE on behalf of Sue Moorman, Director of HR*

## **7 EQUALITIES IMPACT**

- 7.1 The Equality Act 2010 introduced the Public Sector Equality Duty. This requires all public bodies, including local authorities, to have due regard to the need to:
- a) Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
  - b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
  - c) Foster good relations between people who share a protected characteristic and those who do not.
- 7.2 The Equalities Impact Assessment (EqIA) is attached in the background documents. It incorporates the results from engagement on the Parking Policy 2019-2022 in April 2019, which includes sections of parking charges. The

outcome of the September 2020 consultation on the combination emission-based parking charges is also considered.

- 7.3 The prior engagement and consultation results in 2019 and 2020 have found that no individual protected sub-group stands out as having responded negatively to the principles behind parking charges and emission-based banding – in terms of impact on their protected characteristics. There has been some elevated concern about insufficiency in the parking bays accessible for the disabled and that disabled drivers, with an essential car use need, may have to start paying for parking. These concerns are recognised and mitigated in the Parking Policy actions plan and are supported by the currently proposed revision of parking charges. It is not recommended to introduce parking charges for disabled Blue Badge holders.
- 7.4 Influencing the overall number of cars parked on the roads in the borough, and in parking congested P&D zones in particular, can help improve access for all protected groups with essential car needs, hence improve their ability to travel and participate where participation is currently disproportionately low.
- 7.5 Active encouragement of car use and emission reduction, benefits all individuals, families and neighbourhoods. Air pollution disproportionately impacts on the most vulnerable in the population, in particular the sick, young and elderly. Those at higher risk include those with existing respiratory problems and chronic illnesses such as asthma and chronic obstructive pulmonary disease.
- 7.6 There is currently no evident information to suggest that increasing and banding parking charges will have a disproportionate impact on people with protected characteristics (as covered by the Equality Act).
- 7.7 The recommendations in this report do not conflict with the Public Sector Equality Duty. In terms of groups with protected characteristics, it is considered that the reasons for introducing a 30p per 30min increase in parking charges, combined with emissions-based banding, outweighs any reasons for not implementing them.

*Approved by: Yvonne Okiyo, Equalities Officer*

## **8 ENVIRONMENTAL IMPACT**

- 8.1 The parking charges contribute to the objectives for the Air Quality Actions Plan.

## **9 CRIME AND DISORDER REDUCTION IMPACT**

- 9.1 There are no foreseeable impacts on crime and disorder.

## **10 REASONS FOR RECOMMENDATIONS/PROPOSED DECISION**

- 10.1 P&D bay parking charges are currently too low for effectively influencing car use. As consequence, the Council sub-optimally meets its traffic management duties.

## **11 OPTIONS CONSIDERED AND REJECTED**

- 11.1 The alternative option to do nothing would be a lost opportunity for improving access to homes, businesses and amenities and to making a contribution to the Air Quality Actions Plan. This would fall short of obligations under nationally and regionally devolved responsibilities for improving the Borough's air quality and public health, including the Mayor's Transport Strategy objective to reduce car dependency.

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### **CONTACT OFFICER:**

- Steve Iles, Director of Public Realm;
- Sarah Randall, Heading of Parking Services.

### **APPENDICES TO THIS REPORT**

- Appendix 1 – Proposed on-street parking charges.
- Appendix 2 – Proposed off-street (car parks) parking charges.

### **BACKGROUND PAPERS**

1. <https://www.croydon.gov.uk/transportandstreets/policies/parking-policy-2019-to-2022>
2. <https://democracy.croydon.gov.uk/ieListDocuments.aspx?CId=183&MId=1553&Ver=4> (item 28/19)
3. <https://getinvolved.croydon.gov.uk/uploadedfiles/ED%20Place%20report%20on%20consultation%20Sep%202020.pdf>
4. Equalities Impact Assessment on Emission-based and Increased Parking Charges, dated 9 September 2020.

**On-Street Parking Charges – Proposed Changes**

The Public Notice of new parking charges would show the charges set under the 'existing' TMO and one of the 'new' charges to be introduced into an amended TMO.

Which of the two outcomes depends on the outcome of the consultation on emission-based parking charges.

**New outcome 'A'** is the new charges that would result if the emission-based charges do not proceed.

**New outcome 'B'** is the new charges that would result if the emission-based charges do proceed. In this case the emissions bands are described as follows:

**Band 1** applied to electric or other vehicles emitting less than 1g/km CO<sub>2</sub>. The new parking charge equates to **90% discount** on the Band 3 charge.

**Band 2** applies to vehicles emitting between 1 and 185g/km CO<sub>2</sub>. The new parking charge equates to **25% discount** on the Band 3 charge.

**Band 3** applies the vehicles emitting more than 185g/km CO<sub>2</sub>; vehicles registered before March 2001; diesel engine vehicles registered before September 2015; and all payments made at P&D machines.

**Inner Zone CPZs**

Croydon CPZs, 2-hour zone (light)			New outcome 'A'	New outcome 'B'		
Tariff	Duration	Existing		Band 1	Band 2	Band 3
Mon – Sat 9am - 5pm	30min	£0.00	£0.00	£0.20	£1.50	£2.00
	1hr	£2.60	£3.20	£0.40	£3.00	£4.00
	1hr 30min	£3.90	£4.80	£0.60	£4.50	£6.00
	2hrs	£5.20	£6.40	£0.80	£6.00	£8.00
Sunday	All day	£0.00	£0.00	£0.00	£0.00	

London Road, West Croydon Station to Sumner Rd

South End and Selsdon Road, South Croydon

Croydon CPZs, 2-hour zone		
Tariff	Duration	Existing
Mon – Sat During CPZ hours	30min	£1.30
	1hr	£2.60
	1hr 30min	£3.90
	2hrs	£5.20
Sunday	1hr	£1.30
	All day	£3.30
6pm – Midnight	1hr	£1.30
Mon – Sun	All night	£3.30

New outcome 'A'
£1.60
£3.20
£4.80
£6.40
£1.90
£4.60
£1.90
£4.60

New outcome 'B'		
Band 1	Band 2	Band 3
£0.20	£1.50	£2.00
£0.40	£3.00	£4.00
£0.60	£4.50	£6.00
£0.80	£6.00	£8.00
£0.23	£1.73	£2.30
£0.58	£4.35	£5.80
£0.22	£1.65	£2.20
£0.56	£4.20	£5.60

Croydon CPZs, 4-hour zone		
Tariff	Duration	Existing
Mon – Sat During CPZ hours	30min	£0.90
	1hr	£1.80
	1hr 30min	£2.70
	2hrs	£3.60
	2hr 30min	£4.50
	3hrs	£5.40
	3hr 30min	£6.30
	4hrs	£7.20
Sunday	1hr	£1.30
	All day	£3.30
6pm - Midnight	1hr	£1.30
Mon – Sun	All night	£3.30

New outcome 'A'
£1.20
£2.40
£3.60
£4.80
£6.00
£7.20
£8.40
£9.60
£1.90
£4.60
£1.90
£4.60

New outcome 'B'		
Band 1	Band 2	Band 3
£0.15	£1.13	£1.50
£0.30	£2.25	£3.00
£0.45	£3.38	£4.50
£0.60	£4.50	£6.00
£0.75	£5.63	£7.50
£0.90	£6.75	£9.00
£1.05	£7.88	£10.50
£1.20	£9.00	£12.00
£0.22	£1.65	£2.20
£0.56	£4.20	£5.60
£0.22	£1.65	£2.20
£0.56	£4.20	£5.60

Croydon CPZs, 8-hour zone, standard		
Tariff	Duration	Existing
Mon – Sat During CPZ hours	30min	£0.30
	1hr	£0.60
	1hr 30min	£0.90
	2hrs	£1.20
	2hr 30min	£1.50

New outcome 'A'
£0.60
£1.20
£1.80
£2.40
£3.00

New outcome 'B'		
Band 1	Band 2	Band 3
£0.07	£0.53	£0.70
£0.14	£1.05	£1.40
£0.21	£1.58	£2.10
£0.28	£2.10	£2.80
£0.35	£2.63	£3.50



	3hrs	£1.80	£3.60	£0.42	£3.15	£4.20
	3hr 30min	£2.10	£4.20	£0.49	£3.68	£4.90
	4hrs	£2.40	£4.80	£0.56	£4.20	£5.60
	4hr 30min	£2.70	£5.40	£0.63	£4.73	£6.30
	5hrs	£3.00	£6.00	£0.70	£5.25	£7.00
	5hr 30min	£3.30	£6.60	£0.77	£5.78	£7.70
	6hrs	£3.60	£7.20	£0.84	£6.30	£8.40
	6hr 30min	£3.90	£7.80	£0.91	£6.83	£9.10
	7hrs	£4.20	£8.40	£0.98	£7.35	£9.80
	7hr 30min	£4.50	£9.00	£1.05	£7.88	£10.50
	8hrs	£4.80	£9.60	£1.12	£8.40	£11.20
Sunday	All day	£0.00	£0.00	£0.00	£0.00	£0.00

Croydon CPZs, 8-hour zone, premium			New outcome 'A'	New outcome 'B'		
Tariff	Duration	Existing		Band 1	Band 2	Band 3
Mon – Sat During CPZ hours	30min	£0.50	£0.80	£0.10	£0.75	£1.00
	1hr	£1.00	£1.60	£0.20	£1.50	£2.00
	1hr 30min	£1.50	£2.40	£0.30	£2.25	£3.00
	2hrs	£2.00	£3.20	£0.40	£3.00	£4.00
	2hr 30min	£2.50	£4.00	£0.50	£3.75	£5.00
	3hrs	£3.00	£4.80	£0.60	£4.50	£6.00
	3hr 30min	£3.50	£5.60	£0.70	£5.25	£7.00
	4hrs	£4.00	£6.40	£0.80	£6.00	£8.00
	4hr 30min	£4.50	£7.20	£0.90	£6.75	£9.00
	5hrs	£5.00	£8.00	£1.00	£7.50	£10.00
	5hr 30min	£5.50	£8.80	£1.10	£8.25	£11.00
	6hrs	£6.00	£9.60	£1.20	£9.00	£12.00
	6hr 30min	£6.50	£10.40	£1.30	£9.75	£13.00
	7hrs	£7.00	£11.20	£1.40	£10.50	£14.00
	7hr 30min	£7.50	£12.00	£1.50	£11.25	£15.00
8hrs	£8.00	£12.80	£1.60	£12.00	£16.00	
Sunday	All day	£0.00	£0.00	£0.00	£0.00	£0.00

Croydon CPZs, 12-hour zone			New outcome 'A'	New outcome 'B'		
Tariff	Duration	Existing		Band 1	Band 2	Band 3
Mon – Sat During CPZ hours	30min	£0.50	£0.80	£0.10	£0.75	£1.00
	1hr	£1.00	£1.60	£0.20	£1.50	£2.00
	1hr 30min	£1.50	£2.40	£0.30	£2.25	£3.00
	2hrs	£2.00	£3.20	£0.40	£3.00	£4.00
	2hr 30min	£2.50	£4.00	£0.50	£3.75	£5.00
	3hrs	£3.00	£4.80	£0.60	£4.50	£6.00
	3hr 30min	£3.50	£5.60	£0.70	£5.25	£7.00
	4hrs	£4.00	£6.40	£0.80	£6.00	£8.00
	4hr 30min	£4.50	£7.20	£0.90	£6.75	£9.00
	5hrs	£5.00	£8.00	£1.00	£7.50	£10.00
	5hr 30min	£5.50	£8.80	£1.10	£8.25	£11.00
	6hrs	£6.00	£9.60	£1.20	£9.00	£12.00
	6hr 30min	£6.50	£10.40	£1.30	£9.75	£13.00
	7hrs	£7.00	£11.20	£1.40	£10.50	£14.00
	7hr 30min	£7.50	£12.00	£1.50	£11.25	£15.00
	8hrs	£8.00	£12.80	£1.60	£12.00	£16.00
	8hr 30min	£8.50	£13.60	£1.70	£12.75	£17.00
	9hrs	£9.00	£14.40	£1.80	£13.50	£18.00
	9hr 30min	£9.50	£15.20	£1.90	£14.25	£19.00
	10hrs	£10.00	£16.00	£2.00	£15.00	£20.00
	10hr 30min	£10.50	£16.80	£2.10	£15.75	£21.00
	11hrs	£11.00	£17.60	£2.20	£16.50	£22.00
	11hr 30min	£11.50	£18.40	£2.30	£17.25	£23.00
	12hrs	£12.00	£19.20	£2.40	£18.00	£24.00
Sunday	1hr	£1.30	£1.90	£0.22	£1.65	£2.20
	All day	£3.30	£4.60	£0.56	£4.20	£5.60

## Outer Zone CPZs

District CPZs, 2-hour zone			New outcome 'A'	New outcome 'B'		
Tariff	Duration	Existing		Band 1	Band 2	Band 3
Mon – Sat During CPZ hours	30min	£0.70	£1.00	£0.12	£0.90	£1.20
	1hr	£1.40	£2.00	£0.24	£1.80	£2.40
	1hr 30min	£2.10	£3.00	£0.36	£2.70	£3.60
	2hrs	£2.80	£4.00	£0.48	£3.60	£4.80
Sunday	All day	£0.00	£0.00	£0.00	£0.00	£0.00

District CPZs, 4-hour zone			New outcome 'A'	New outcome 'B'		
Tariff	Duration	Existing		Band 1	Band 2	Band 3
Mon – Sat During CPZ hours	30min	£0.50	£0.80	£0.10	£0.75	£1.00
	1hr	£1.00	£1.60	£0.20	£1.50	£2.00
	1hr 30min	£1.50	£2.40	£0.30	£2.25	£3.00
	2hrs	£2.00	£3.20	£0.40	£3.00	£4.00
	2hr 30min	£2.50	£4.00	£0.50	£3.75	£5.00
	3hrs	£3.00	£4.80	£0.60	£4.50	£6.00
	3hr 30min	£3.50	£5.60	£0.70	£5.25	£7.00
	4hrs	£4.00	£6.40	£0.80	£6.00	£8.00
Sunday	All day	£0.00	£0.00	£0.00	£0.00	£0.00

District CPZs, 8-hour zone			New outcome 'A'	New outcome 'B'		
Tariff	Duration	Existing		Band 1	Band 2	Band 3
Mon – Sat During CPZ hours	30min	£0.30	£0.60	£0.07	£0.53	£0.70
	1hr	£0.60	£1.20	£0.14	£1.05	£1.40
	1hr 30min	£0.90	£1.80	£0.21	£1.58	£2.10
	2hrs	£1.20	£2.40	£0.28	£2.10	£2.80
	2hr 30min	£1.50	£3.00	£0.35	£2.63	£3.50
	3hrs	£1.80	£3.60	£0.42	£3.15	£4.20
	3hr 30min	£2.10	£4.20	£0.49	£3.68	£4.90
	4hrs	£2.40	£4.80	£0.56	£4.20	£5.60

	4hr 30min	£2.70	£5.40	£0.63	£4.73	£6.30
	5hrs	£3.00	£6.00	£0.70	£5.25	£7.00
	5hr 30min	£3.30	£6.60	£0.77	£5.78	£7.70
	6hrs	£3.60	£7.20	£0.84	£6.30	£8.40
	6hr 30min	£3.90	£7.80	£0.91	£6.83	£9.10
	7hrs	£4.20	£8.40	£0.98	£7.35	£9.80
	7hr 30min	£4.50	£9.00	£1.05	£7.88	£10.50
	8hrs	£4.80	£9.60	£1.12	£8.40	£11.20
Sunday	All day	£0.00	£0.00	£0.00	£0.00	£0.00

**Off-Street Parking Charges – Proposed Changes**

The Public Notice of new parking charges would show the charges set under the 'existing' TMO and one of the 'new' charges to be introduced into an amended TMO.

Which of the two outcomes depends on the outcome of the consultation on emission-based parking charges.

**New outcome 'A'** is the new charges that would result if the emission-based charges do not proceed.

**New outcome 'B'** is the new charges that would result if the emission-based charges do proceed. In this case the emissions bands are described as follows:

**Band 1** applied to electric or other vehicles emitting less than 1g/km CO<sub>2</sub>. The new parking charge equates to **90% discount** on the Band 3 charge.

**Band 2** applies to vehicles emitting between 1 and 185g/km CO<sub>2</sub>. The new parking charge equates to **25% discount** on the Band 3 charge.

**Band 3** applies the vehicles emitting more than 185g/km CO<sub>2</sub>; vehicles registered before March 2001; diesel engine vehicles registered before September 2015; and all payments made at P&D machines.

**Central Croydon**

East Croydon Station, 8 spaces			New outcome 'A'	New outcome 'B'		
Tariff	Duration	Existing		Band 1	Band 2	Band 3
Mon – Sat 7am - 6pm	15min	£0.50	£0.70	£0.09	£0.68	£0.90
	30min	£1.00	£1.30	£0.18	£1.35	£1.80

Factory Lane, 18 spaces			New outcome 'A'	New outcome 'B'		
Tariff	Duration	Existing		Band 1	Band 2	Band 3
Mon – Sat	1hr	£1.30	£1.90	£0.23	£1.73	£2.30
	2hrs	£2.60	£3.80	£0.46	£3.45	£4.60
	3hrs	£3.90	£5.70	£0.69	£5.18	£6.90
	4hrs	£5.20	£7.60	£0.92	£6.90	£9.20
	5hrs	£6.50	£9.50	£1.15	£8.63	£11.50
	6hrs	£7.80	£11.40	£1.38	£10.35	£13.80
	7hrs	£9.30	£13.50	£1.61	£12.08	£16.10
	24hrs	£10.60	£15.40	£1.84	£13.80	£18.40
Evening 6pm - 7am	1hr	£1.30	£1.90	£0.22	£1.65	£2.20
	All night	£3.30	£4.60	£0.56	£4.20	£5.60
Permit*	12 months	£400.00	£580.00	£72.00	£540.00	£720.00
Motorcycles	All day	£0.00	£0.00	£0.00	£0.00	£0.00

\* renewals only, no longer available (legacy arrangement)

Jubilee Bridge, 80 spaces		
Tariff	Duration	Existing
Mon – Sat	1hr	£1.30
	2hrs	£2.60
	3hrs	£3.90
	4hrs	£5.20
	5hrs	£6.50
	6hrs	£7.80
	7hrs	£9.30
	24hrs	£10.60
Evening 6pm - 7am	1hr	£1.30
	All night	£3.30
Season Ticket	12 months	£700.0 0
Motorcycle s	All day	£0.00

New outcome 'A'
£1.90
£3.80
£5.70
£7.60
£9.50
£11.40
£13.50
£15.40
£1.90
£4.60
£1,015.0 0
£0.00

New outcome 'B'		
Band 1	Band 2	Band 3
£0.23	£1.73	£2.30
£0.46	£3.45	£4.60
£0.69	£5.18	£6.90
£0.92	£6.90	£9.20
£1.15	£8.63	£11.50
£1.38	£10.35	£13.80
£1.61	£12.08	£16.10
£1.84	£13.80	£18.40
£0.22	£1.65	£2.20
£0.56	£4.20	£5.60
£126.00	£945.00	£1,260.0 0
£0.00	£0.00	£0.00

Spices Yard, 134 spaces		
Tariff	Duration	Existing
Mon – Sat	1hr	£1.30
	2hrs	£2.60
	3hrs	£3.90
	4hrs	£5.20
	5hrs	£6.50
	6hrs	£7.80
	7hrs	£9.30
	24hrs	£10.60
Evening 6pm - 7am	1hr	£1.30
	All night	£3.30
Sunday	1hr	£1.30
	All day	£3.30
Season Ticket	12 months	£920.0 0
Motorcycle s	All day	£0.00

New outcome 'A'
£1.90
£3.80
£5.70
£7.60
£9.50
£11.40
£13.50
£15.40
£1.90
£4.60
£1.90
£4.60
£1,330.0 0
£0.00

New outcome 'B'		
Band 1	Band 2	Band 3
£0.23	£1.73	£2.30
£0.46	£3.45	£4.60
£0.69	£5.18	£6.90
£0.92	£6.90	£9.20
£1.15	£8.63	£11.50
£1.38	£10.35	£13.80
£1.61	£12.08	£16.10
£1.84	£13.80	£18.40
£0.22	£1.65	£2.20
£0.56	£4.20	£5.60
£0.22	£1.65	£2.20
£0.56	£4.20	£5.60
£166.00	£1,245.0 0	£1,660.0 0
£0.57	£4.28	£5.70

Wandle Road, 122 spaces		
Tariff	Duration	Existing
Mon – Sat	1hr	£1.30
	2hrs	£2.60
	3hrs	£3.90
	4hrs	£5.20
	5hrs	£6.50
	6hrs	£7.80

New outcome 'A'
£1.90
£3.80
£5.70
£7.60
£9.50
£11.40

New outcome 'B'		
Band 1	Band 2	Band 3
£0.23	£1.73	£2.30
£0.46	£3.45	£4.60
£0.69	£5.18	£6.90
£0.92	£6.90	£9.20
£1.15	£8.63	£11.50
£1.38	£10.35	£13.80

	7hrs	£9.30	£13.50	£1.61	£12.08	£16.10
	24hrs	£10.60	£15.40	£1.84	£13.80	£18.40
Evening 6pm - 7am	1hr	£1.30	£1.90	£0.22	£1.65	£2.20
	All night	£3.30	£4.60	£0.56	£4.20	£5.60
Sunday	1hr	£1.30	£1.90	£0.22	£1.65	£2.20
	All day	£3.30	£4.60	£0.56	£4.20	£5.60
Season Ticket	12 months	£920.0 0	£1,330.0 0	£166.00	£1,245.0 0	£1,660.0 0
Motorcycle s	All day	£0.00	£0.00	£0.57	£4.28	£5.70

West Croydon (Station), 57 spaces			New outcome 'A'	New outcome 'B'		
Tariff	Duration	Existin g		Band 1	Band 2	Band 3
Mon – Sat	1hr	£1.70	£2.30	£0.28	£2.10	£2.80
	2hrs	£3.40	£4.60	£0.56	£4.20	£5.60
	3hrs	£5.10	£6.90	£0.84	£6.30	£8.40
	4hrs	£6.80	£9.20	£1.12	£8.40	£11.20
	5hrs	£8.90	£11.90	£1.40	£10.50	£14.00
	6hrs	£10.20	£13.80	£1.68	£12.60	£16.80
	7hrs	£11.90	£16.10	£1.96	£14.70	£19.60
	24hrs	£13.60	£18.40	£2.24	£16.80	£22.40
Evening 6pm - 7am	1hr	£1.30	£1.90	£0.22	£1.65	£2.20
	All night	£3.30	£4.60	£0.56	£4.20	£5.60
Contract	12 months	£850.0 0	£1,150.0 0	£144.00	£1,080.0 0	£1,440.0 0
Motorcycle s	All day	£0.00	£0.00	£0.00	£0.00	£0.00

### District Centres

Belgrave Road, 15 spaces			New outcome 'A'	New outcome 'B'		
Tariff	Duration	Existin g		Band 1	Band 2	Band 3
Mon – Sat 7am - 6pm	1hr	£0.70	£1.30	£0.15	£1.13	£1.50
	2hrs	£1.40	£2.60	£0.30	£2.25	£3.00
	3hrs	£2.10	£3.90	£0.45	£3.38	£4.50
	4hrs	£2.80	£5.20	£0.60	£4.50	£6.00
	5hrs	£3.50	£6.50	£0.75	£5.63	£7.50
	6hrs	£4.20	£7.80	£0.90	£6.75	£9.00
	11hrs	£4.90	£9.10	£1.05	£7.88	£10.50
Sunday	All day	£0.00	£0.00	£0.00	£0.00	£0.00
Motorcycle s	All day	£0.00	£0.00	£0.00	£0.00	£0.00

Central Parade, 108 spaces		
Tariff	Duration	Existing
Mon – Sat 7am - 6pm	1hr	£0.70
	2hrs	£1.40
	3hrs	£2.10
	4hrs	£2.80
	5hrs	£3.50
	6hrs	£4.20
	11hrs	£4.90
Sunday	All day	£0.00
Motorcycles	All day	£0.00
Season Ticket	12 month	£500.00
Trade Permit	12 month	£80.00

New outcome 'A'
£1.30
£2.60
£3.90
£5.20
£6.50
£7.80
£9.10
£0.00
£0.00
£920.00
£145.00

New outcome 'B'		
Band 1	Band 2	Band 3
£0.15	£1.13	£1.50
£0.30	£2.25	£3.00
£0.45	£3.38	£4.50
£0.60	£4.50	£6.00
£0.75	£5.63	£7.50
£0.90	£6.75	£9.00
£1.05	£7.88	£10.50
£0.00	£0.00	£0.00
£0.00	£0.00	£0.00
£110.00	£825.00	£1,100.00
£18.00	£135.00	£180.00

Clifford Road, 25 spaces		
Tariff	Duration	Existing
Mon – Sat 7am - 6pm	1hr	£0.70
	2hrs	£1.40
	3hrs	£2.10
	4hrs	£2.80
	5hrs	£3.50
	6hrs	£4.20
	11hrs	£4.90
Sunday	All day	£0.00
Motorcycles	All day	£0.00
Eve. Permit	12 month	£60.00

New outcome 'A'
£1.30
£2.60
£3.90
£5.20
£6.50
£7.80
£9.10
£0.00
£0.00
£110.00

New outcome 'B'		
Band 1	Band 2	Band 3
£0.15	£1.13	£1.50
£0.30	£2.25	£3.00
£0.45	£3.38	£4.50
£0.60	£4.50	£6.00
£0.75	£5.63	£7.50
£0.90	£6.75	£9.00
£1.05	£7.88	£10.50
£0.00	£0.00	£0.00
£0.00	£0.00	£0.00
£13.00	£97.50	£130.00

Coulsdon Centre (CALAT), 35 spaces		
Tariff	Duration	Existing
Mon – Sat 7am - 6pm	1hr	£0.70
	2hrs	£1.40
	3hrs	£2.10
	4hrs	£2.80
Sunday	All day	£0.00
Motorcycles	All day	£0.00

New outcome 'A'
£1.30
£2.60
£3.90
£5.20
£0.00
£0.00

New outcome 'B'		
Band 1	Band 2	Band 3
£0.15	£1.13	£1.50
£0.30	£2.25	£3.00
£0.45	£3.38	£4.50
£0.60	£4.50	£6.00
£0.00	£0.00	£0.00
£0.00	£0.00	£0.00



Garnet Road, 32 spaces		
Tariff	Duration	Existing
Mon – Sat 7am - 6pm	1hr	£0.70
	2hrs	£1.40
	3hrs	£2.10
	4hrs	£2.80
	5hrs	£3.50
	6hrs	£4.20
	11hrs	£4.90
Sunday	All day	£0.00
Motorcycles	All day	£0.00
Season Ticket	12 month	£420.00

New outcome 'A'
£1.30
£2.60
£3.90
£5.20
£6.50
£7.80
£9.10
£0.00
£0.00
£780.00

New outcome 'B'		
Band 1	Band 2	Band 3
£0.15	£1.13	£1.50
£0.30	£2.25	£3.00
£0.45	£3.38	£4.50
£0.60	£4.50	£6.00
£0.75	£5.63	£7.50
£0.90	£6.75	£9.00
£1.05	£7.88	£10.50
£0.00	£0.00	£0.00
£0.00	£0.00	£0.00
£93.00	£697.50	£930.00

Granville Gardens, 135 spaces		
Tariff	Duration	Existing
Mon – Sat 7am - 6pm	1hr	£0.70
	2hrs	£1.40
	3hrs	£2.10
	4hrs	£2.80
	5hrs	£3.50
	6hrs	£4.20
	11hrs	£4.90
Sunday	All day	£0.00
Motorcycles	All day	£0.00
Season Ticket	12 month	£420.00

New outcome 'A'
£1.30
£2.60
£3.90
£5.20
£6.50
£7.80
£9.10
£0.00
£0.00
£780.00

New outcome 'B'		
Band 1	Band 2	Band 3
£0.15	£1.13	£1.50
£0.30	£2.25	£3.00
£0.45	£3.38	£4.50
£0.60	£4.50	£6.00
£0.75	£5.63	£7.50
£0.90	£6.75	£9.00
£1.05	£7.88	£10.50
£0.00	£0.00	£0.00
£0.00	£0.00	£0.00
£93.00	£697.50	£930.00

Lion Green Road, 102 spaces		
Tariff	Duration	Existing
Mon – Sat 7am - 6pm	1hr	£0.70
	2hrs	£1.40
	3hrs	£2.10
	4hrs	£2.80
	5hrs	£3.50
	6hrs	£4.20
	11hrs	£4.90
Sunday	All day	£0.00
Motorcycles	All day	£0.00

New outcome 'A'
£1.30
£2.60
£3.90
£5.20
£6.50
£7.80
£9.10
£0.00
£0.00
£780.00

New outcome 'B'		
Band 1	Band 2	Band 3
£0.15	£1.13	£1.50
£0.30	£2.25	£3.00
£0.45	£3.38	£4.50
£0.60	£4.50	£6.00
£0.75	£5.63	£7.50
£0.90	£6.75	£9.00
£1.05	£7.88	£10.50
£0.00	£0.00	£0.00
£0.00	£0.00	£0.00
£93.00	£697.50	£930.00

Purley MSCP, 424 spaces		
Tariff	Duration	Existing
Mon – Sat 7am - 6pm	1hr	£0.70
	2hrs	£1.40
	3hrs	£2.10
	4hrs	£2.80
	5hrs	£3.50
	6hrs	£4.20
	11hrs	£4.90
Sunday	All day	£0.00
Motorcycles	All day	£0.00
Season Ticket	1 month	£65.00
	3 months	£180.00
	12 months	£600.00

New outcome 'A'
£1.30
£2.60
£3.90
£5.20
£6.50
£7.80
£9.10
£0.00
£0.00
£120.00
£335.00
£1,110.00
£0

New outcome 'B'		
Band 1	Band 2	Band 3
£0.15	£1.13	£1.50
£0.30	£2.25	£3.00
£0.45	£3.38	£4.50
£0.60	£4.50	£6.00
£0.75	£5.63	£7.50
£0.90	£6.75	£9.00
£1.05	£7.88	£10.50
£0.00	£0.00	£0.00
£0.00	£0.00	£0.00
£14.50	£108.75	£145.00
£40.00	£300.00	£400.00
£133.00	£997.50	£1,330.00
£0		£0

Reedham Station , 54 spaces		
Tariff	Duration	Existing
Mon - Sun	24hrs	£2.40
Motorcycles	24hrs	£0.00

New outcome 'A'
£4.40
£0.00

New outcome 'B'		
Band 1	Band 2	Band 3
£0.53	£3.98	£5.30
£0.00	£0.00	£0.00

Russell Hill Place, 60 spaces		
Tariff	Duration	Existing
Mon – Sat 7am - 6pm	1hr	£0.70
	2hrs	£1.40
	3hrs	£2.10
	4hrs	£2.80
	5hrs	£3.50
	6hrs	£4.20
	11hrs	£4.90
Sunday	All day	£0.00
Motorcycles	All day	£0.00

New outcome 'A'
£1.30
£2.60
£3.90
£5.20
£6.50
£7.80
£9.10
£0.00
£0.00

New outcome 'B'		
Band 1	Band 2	Band 3
£0.15	£1.13	£1.50
£0.30	£2.25	£3.00
£0.45	£3.38	£4.50
£0.60	£4.50	£6.00
£0.75	£5.63	£7.50
£0.90	£6.75	£9.00
£1.05	£7.88	£10.50
£0.00	£0.00	£0.00
£0.00	£0.00	£0.00

Sanderstead Road, 38 spaces		
Tariff	Duration	Existing
Mon – Sat 7am - 6pm	1hr	£0.70
	2hrs	£1.40
	3hrs	£2.10
	4hrs	£2.80
	5hrs	£3.50
	6hrs	£4.20
	11hrs	£4.90

New outcome 'A'
£1.30
£2.60
£3.90
£5.20
£6.50
£7.80
£9.10

New outcome 'B'		
Band 1	Band 2	Band 3
£0.15	£1.13	£1.50
£0.30	£2.25	£3.00
£0.45	£3.38	£4.50
£0.60	£4.50	£6.00
£0.75	£5.63	£7.50
£0.90	£6.75	£9.00
£1.05	£7.88	£10.50

Sunday	All day	£0.00
Motorcycles	All day	£0.00
Res. Permit	12 months	£290.00

£0.00
£0.00
£540.00

£0.00	£0.00	£0.00
£0.00	£0.00	£0.00
£63.00	£472.50	£630.00

Waddon Leisure, 32 spaces		
Tariff	Duration	Existing
Mon – Sun 7am – 10pm	1hr	£0.70
	2hrs	£1.40
	3hrs	£2.10
	4hrs	£2.80
	5hrs	£3.50
	6hrs	£4.20
	7hrs	£4.90
	15hrs	£5.60
Motorcycles	All day	£0.00

New outcome 'A'
£1.30
£2.60
£3.90
£5.20
£6.50
£7.80
£9.10
£10.40
£0.00

New outcome 'B'		
Band 1	Band 2	Band 3
£0.15	£1.13	£1.50
£0.30	£2.25	£3.00
£0.45	£3.38	£4.50
£0.60	£4.50	£6.00
£0.75	£5.63	£7.50
£0.90	£6.75	£9.00
£1.05	£7.88	£10.50
£1.20	£9.00	£12.00
£0.00	£0.00	£0.00

Droves Road, Duppas Hill Terrace		
Tariff	Duration	Existing
Mon – Sun 7am - 10pm	30min	£0.90
	1hr	£1.80
	1hr 30min	£2.70
	2hrs	£3.60
	2hr 30min	£4.50
	3hrs	£5.40
	3hr 30min	£6.30
	4hrs	£7.20
Motorcycles	All day	£0.00

New outcome 'A'
£1.20
£2.40
£3.60
£4.80
£6.00
£7.20
£8.40
£9.60
£0.00

New outcome 'B'		
Band 1	Band 2	Band 3
£0.15	£1.13	£1.50
£0.30	£2.25	£3.00
£0.45	£3.38	£4.50
£0.60	£4.50	£6.00
£0.75	£5.63	£7.50
£0.90	£6.75	£9.00
£1.05	£7.88	£10.50
£1.20	£9.00	£12.00
£0.00	£0.00	£0.00

# Equality Analysis Form

# 1. Introduction

## 1.1 Purpose of Equality Analysis

The council has an important role in creating a fair society through the services we provide, the people we employ and the money we spend. Equality is integral to everything the council does. We are committed to making Croydon a stronger, fairer borough where no community or individual is held back.

Undertaking an Equality Analysis helps to determine whether a proposed change will have a positive, negative, or no impact on groups that share a protected characteristic. Conclusions drawn from Equality Analyses helps us to better understand the needs of all our communities, enable us to target services and budgets more effectively and also helps us to comply with the Equality Act 2010.

An equality analysis must be completed as early as possible during the planning stages of any proposed change to ensure information gained from the process is incorporated in any decisions made.

In practice, the term '**proposed change**' broadly covers the following:-

- Policies, strategies and plans;
- Projects and programmes;
- Commissioning (including re-commissioning and de-commissioning);
- Service review;
- Budget allocation/analysis;
- Staff restructures (including outsourcing);
- Business transformation programmes;
- Organisational change programmes;
- Processes (for example thresholds, eligibility, entitlements, and access criteria).

## 2. Proposed change

Directorate	PLACE
Title of proposed change	Emission-based and Increased Parking Charges – January 2021
Name of Officer carrying out Equality Analysis	Sarah Randall

### 2.1 Purpose of proposed change (see 1.1 above for examples of proposed changes)

**Briefly summarise the proposed change and why it is being considered. Please also state if it is an amendment to an existing arrangement or a new proposal.**

The proposal is to revise parking charges to help more effectively achieve the traffic management duty and manage parking provision across the borough road network in line with the Corporate Plan and the borough's growth objectives. This is part of Phase 3 for introducing emission-based parking charges, as defined in the Cabinet report on 25 March 2019 and agreed by Cabinet on this date, subject to consultation.

This EA is a living document, which will be revised as the project develops and further consultation is conducted as necessary to fully review the potential impact on groups that share protected characteristics. A further revision of the document will consider the result of the consultation supporting a decision to implement the revised parking charges.

Our Corporate Plan for Croydon 2018-2022 sets out a number of priorities that are aimed at improving the environment we live in, and aim to make it more sustainable, to encourage and support health live. The key priorities directly or indirectly linked to parking charges include:

- An excellent transport network that is safe, reliable and accessible to all – by recognising the important link between transport and a sustainable environment and working collaboratively and undertaking informed decisions that are innovative based on the needs of a neighbourhood, for example, to encourage fewer short car journeys and reduce traffic congestion.
- A cleaner and more sustainable environment – by addressing air quality with the work we do, such as to help improve air quality and reduce congestion.
- Happy, healthy and independent lives – by preventing issues from becoming a problem and having an environment that encourages and supports healthy living.

Air pollution is an important and increasingly more high profile public health issue, contributing to illness and shortened life expectancy. It disproportionately impacts on the most vulnerable in the population, in particular the sick, young and elderly. Those at higher risk include those with existing respiratory problems and chronic illnesses such as asthma and chronic obstructive pulmonary disease. People who live or work near busy roads are at particularly high risk of exposure to the health harms of air pollution.

There are many national & regional strategies that have been introduced to improve air pollution and reduce emissions over recent years and months to help improve the public's health.

On 08 July 2019, Cabinet resolved to recommend that Council (on 15 July 2019) declare a 'Climate Emergency' and note the need for urgent action at an international, national and local level.

The proposal is to revise parking charges for the borough, aimed at contributing to a reduction in vehicles use and emissions that will help address public health priorities, the impact of vehicle emissions and congestion on air quality, the need for a shift to more active and sustainable transport modes, and the growing demand for kerbside space.

In the context of all the above, it is clear that the parking charges can play an important role in helping to achieve Croydon's Corporate outcomes. As the borough grows in population and density the aim is to improve the environment by delivering actions that will encourage and enable a lesser reliance on cars, a change to lower emitting vehicles and better management of the demand on the kerbside.

## **1. Equality Act 2010**

Section 149 of the Equality Act 2010 sets out the Council's public sector equality duty (PSED). It provides as follows:

1.1 A public authority must, in the exercise of its functions, have due regard to the need to:

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

1.2 Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to—

- (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
- (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
- (c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

1.3 The steps involved in meeting the needs of disabled persons include, steps to take account of disabled persons' needs.

1.4 Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not involves having due regard, in particular, to the need to—

- (a) tackle prejudice, and
- (b) promote understanding.

1.5 Compliance with the duties in section 149 may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act.

1.6 The relevant protected characteristics are—

- age;
- disability;
- gender reassignment;
- pregnancy and maternity;
- race;
- religion or belief;
- sex;
- sexual orientation.

## **2 Prior engagement on Parking Policy 2019-2022**

The analysis of the engagement response to the then draft Parking Policy in April 2019 showed that 142 out of the total 183 respondents completed one or more of the equalities questions. Of these 135 responded to age questions, 136 to disability, 134 to gender and 130 to ethnicity. Emission-based parking permit charges were specifically described within both the then draft Parking Policy, the associated Cabinet report and the Get Involved survey site for the engagement.

The then draft Parking Policy described 6 policy sections, of which Section 2 on Parking Management and Section 5 on Parking charges are particularly relevant to the present document. Responses to Section 2 of the policy reflected some elevated level of concern from the protected groups of Disability and Age. These relate to respondents saying there are not enough disabled bays; not enough is being done to curb illegal parking; and a concern that Electric Vehicle Charging Points (EVCPs) may infringe on pavement space. All of these concerns are recognised and will be addressed in the policy. Responses to Section 5 showed some elevated level of concern amongst the disabled group for parking charges. The feedback received to the then draft Parking Policy were addressed by action points on the actions plan section of the Equalities Analysis and incorporated into the final policy implemented from 7<sup>th</sup> August 2019.

## **3 Prior consultation on Emission-based parking permit charges**

This prior consultation refers to the Phase 1 and 2 of the emission-based parking charges, which were implemented on 1 September 2019 and 1 April 2020 respectively. Phase 1 and 2 were concerned with parking permits. Phase 3 is now concerned with on-street Pay & Display (P&D) destination parking charges. The previous statutory consultation has directly transferable elements. The analysis of the



statutory consultation on the emission-based parking permit charges (which closed on 20th June 2019) found that 154 of 1,149 respondents (13%) were concerned that the emission-based charges could be unfair to those who cannot afford a newer car, which includes the poorest, elderly and vulnerable. Several respondents detailed example personal circumstances. The following considerations were made and reflected in the key decision report:

- 3.1 In relation to the PSED compliance and any potential concerns of a disproportional impact on vulnerable car owners/drivers and those least able to fund a newer car, the following protected characteristics are identified in the Equalities Analysis as most relevant in relation to the proposal:
- Disability.
  - Age.
  - Pregnancy and maternity.

Section 3.4 describes how each of the above groups may be impacted, and mitigations for such impacts are detailed over sections 3.5 – 3.8 below.

- 3.2 The 1,149 respondents to the consultation did not raise any concerns from other protected groups. Other protected characteristics, as per Equality Act 2010 section 149(7), are considered to be less impacted by emission-based parking charges, and these include gender reassignment, race, religion or belief, sex and sexual orientation.

- 3.3 It is considered that the Council's fulfilment of the PSED duty is promoted by measures detailed under the following categories:
1. Addressing poor air quality and disproportionate impact on the more vulnerable residents.
  2. Accessibility to the process of paying for parking – i.e. usability of payment machines/mechanisms/methods etc.
  3. Cost/charge for parking a car.
  4. Unavailability of space to park a car, for people with (physical or mental) mobility impairment for whom the car is essential.

#### **Addressing poor air quality and its disproportionate impact on the more vulnerable residents**

- 3.4 Air pollution is of increasingly higher importance as a public health issue. Air pollution contributes to illness and shortened life expectancy. It disproportionately impacts on the most vulnerable in the population, in particular the sick, young and elderly. Those at higher risk include those with respiratory problems and chronic illnesses such as asthma and chronic obstructive pulmonary disease. People who live or work near busy roads are at particularly high risk of exposure to the health harms of air pollution. Figure 1 shows how the majority of highly polluted areas are situated within CPZs (zones that have P&D parking charges).

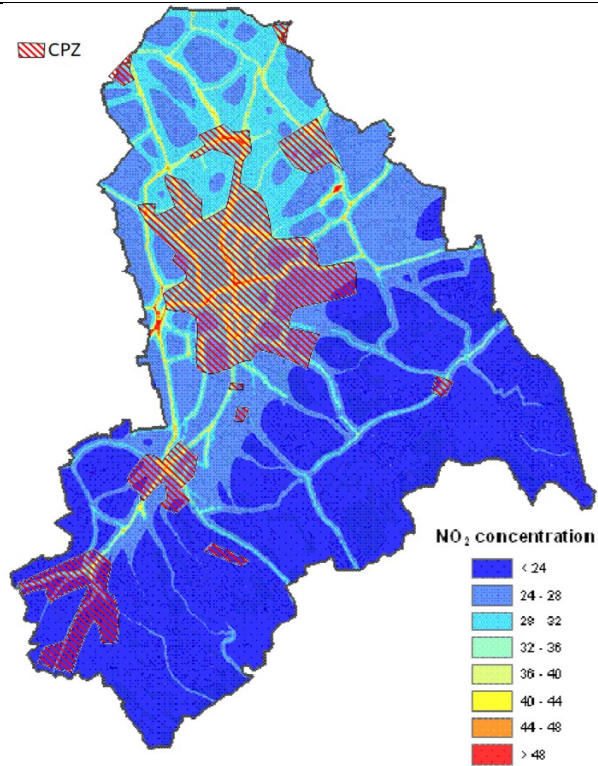


Figure 1 – CPZ P&D areas overlapped with predicted areas of Croydon breaching annual average nitrogen dioxide air quality objective (40µg/m<sup>3</sup>) in 2015.  
(source: *Air Quality Action Plan, 2017*)

There is a also disproportionally high overlap between the P&D parking bays areas and poor living environment, of which air quality is a significant factor (see Figure 2). The CPZ P&D bays coincide disproportionally with the areas of elevated risk of premature death and the impairment of quality of life due to poor health.

The Director for Public Health's Annual Report 2017 highlights that Croydon has the highest rate of hospital admissions for childhood (0-9 years) asthma and the third highest number of asthma deaths in London. The population density of children aged under 4 is disproportionally higher within the CPZ P&D areas, in particular in the North zones.

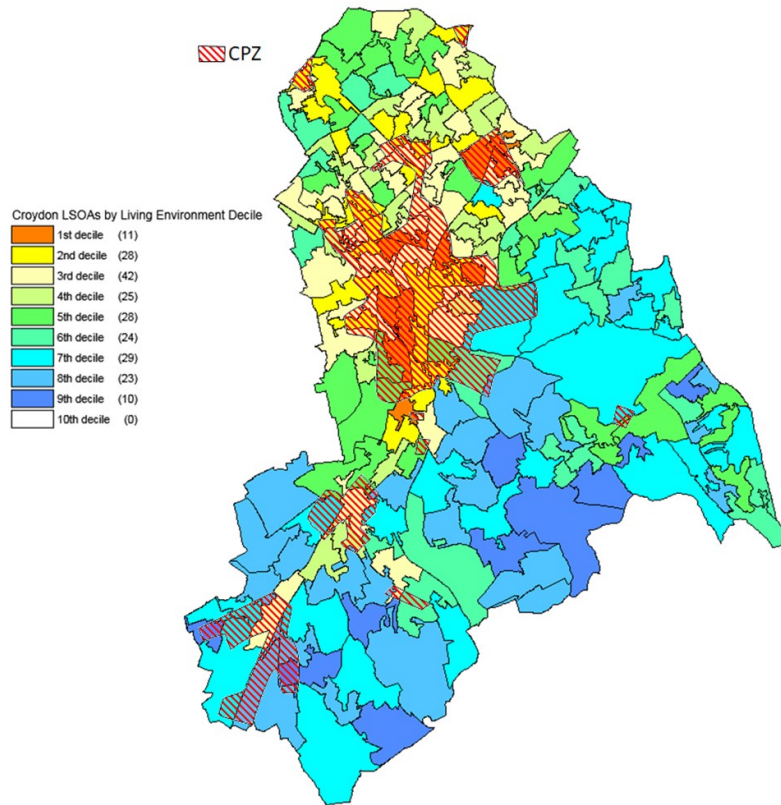


Figure 2 – CPZ P&D areas overlapped with the living environment domain, looking at both the indoor living environment and the outdoor living environment, including air quality.  
(source: [www.croydonobservatory.org](http://www.croydonobservatory.org))

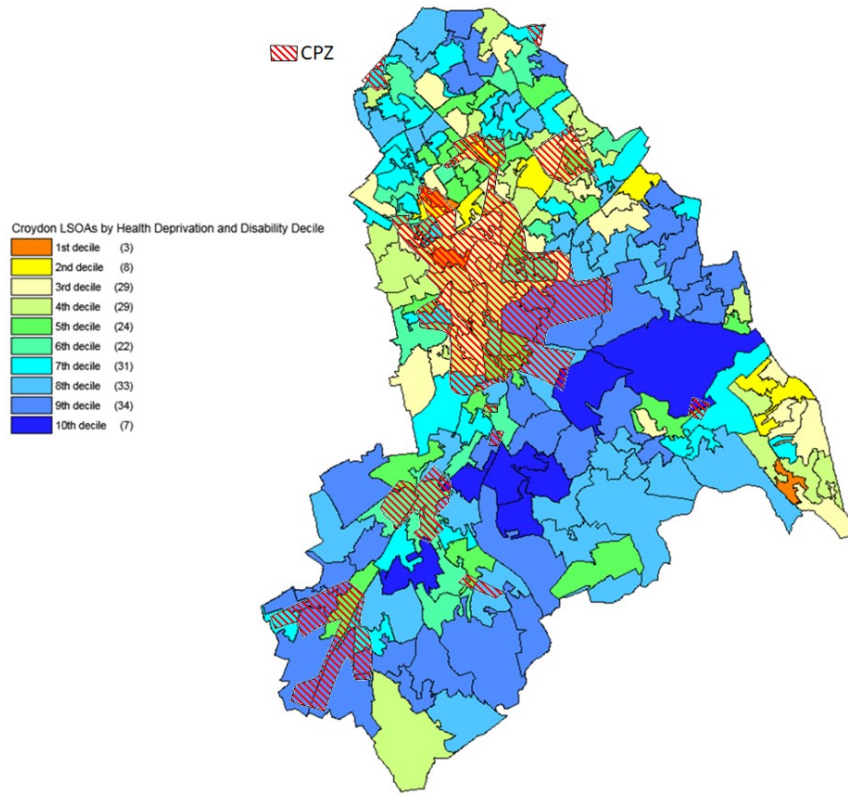
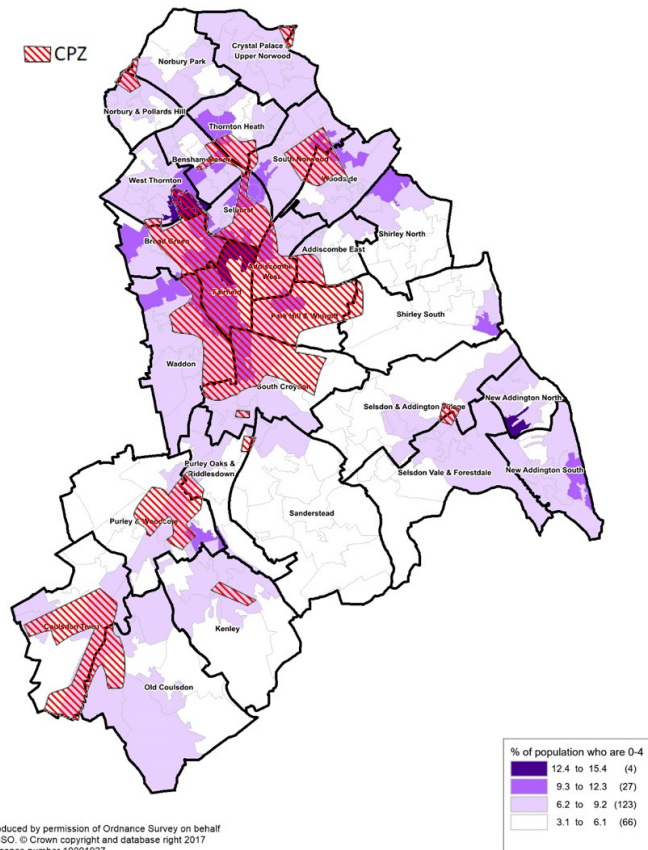


Figure 3 – CPZ P&D areas overlapped with health deprivation and disability, based on the risk of premature death and the impairment of quality of life due to poor mental or physical health.  
(source: [www.croydonobservatory.org](http://www.croydonobservatory.org))

% of population who are 0-4  
2016 Mid Year Estimates



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Figure 4 – CPZ P&D areas overlapped with density 0 - 4 year olds.  
(source: [www.croydonobservatory.org](http://www.croydonobservatory.org))

205 premature deaths each year in Croydon are attributed to air pollution and it mainly affects the vulnerable. By comparison, to put the public health issue into perspective, 493 deaths in 2008 were attributed to smoking. [source: Croydon Health And Wellbeing Board, Joint health and wellbeing strategy 2013-2018].

In Croydon an Air Quality Management Area (AQMA) has been declared for the whole of the borough, for failing to meet the EU annual average limit for air pollutants. The national Clean Air Strategy 2019 and the London Mayor's Strategy require actions to reduce NOx and particulate matter emissions mainly at a local level. These actions are required to start showing results by 2021. If parking charges were to be maintained at a lower level, then it is considered unlikely to influence a sufficient number of owners in their next car choices

or indeed choices to have two or more non-essential vehicles and this in turn would impact negatively on the overarching objectives. Residents and local businesses for whom parking and road congestion have adverse economic and quality of life implications include people who cannot immediately afford to replace their older cars.

Active encouragement of lower emission vehicles and the underlying reduction in car use, benefits all individuals at risk of respiratory illnesses and exacerbation. It would enable persons from all protected groups to breathe cleaner and safer air. This can help improve the ability of certain protected groups to travel and participate where participation is currently disproportionately low as stated in the Equality Act 2010 as a Public sector equality duty.

### **Accessibility to the process of paying for parking**

- 3.5 The proposal does not alter the present process for paying for parking, which is well evolved and is demonstrated to be accessible over at least a decade. The emission-charge calculation is automated upon entering the vehicle's registration number as is already required upon registering with the present Mobile Pay system. It should be noted that disabled Blue Badge holders, which counts 11,459 individual and 71 organisational blue badges holders in Croydon, are exempt from having to use process of paying for parking charges in public parking places.

### **Cost/charge for parking a car**

- 3.6 CPZ P&D locations represent the roads with high demand for parking spaces and have been introduced to better manage the availability of kerb-space for residents and visitors. Parking charges are set as a means to help achieve this.
- 3.7 All 11,459 individual and 71 organisational blue badges holders in Croydon are exempt from the proposed parking charges. Free-of-charge disabled Companion Badges, for those who support a person with a Blue Badge, are also exempt from parking charges.
- 3.8 Some essential drivers, who do not necessarily have a disabled Blue Badge and are not automatically eligible for free parking, but do have a threshold mobility impairment, have access to Personal Independence Payment (PIP), which is a benefit that helps with the extra costs of a long-term health conditions for people aged 16 to 64. The PIP, or DLA, motoring allowance is currently £61.20 per week (£68.35 for war pensioners), as help with extra costs that are faced as result of disabilities and is to cover the cost of a Motability lease agreement for an essential vehicle (or powered wheelchair/scooter).

With regards to persons with protected characteristics who are not eligible for a disabled blue badge or a motoring PIP, which includes the scenario of someone who must obtain and use a car as direct consequence of advanced age, pregnancy or maternity, the parking charges will remain a relatively modest element of the typical c.£2,000 to £4,000 total yearly cost of car ownership ([www.motoringresearch.com/car-news/average-car-costs-a-month](http://www.motoringresearch.com/car-news/average-car-costs-a-month)). Compared to all other associated costs of owning a car, parking charges would be a minimal percentage of the overall cost. It should be remembered that workplaces have a duty to secure access for

protected groups with mobility impairment. The proposed charges do not therefore significantly reduce the opportunities for persons who share protected characteristics and who are ineligible for a disabled blue badge.

- 3.9 The proposed revised charges are significantly reduced for lowest emission vehicles, meaning that for those who selects a lowest emission car at their next choice, including those with protected characteristics who are ineligible for free parking, have opportunity to reduce their parking expenses.
- 3.10 With regards to maternity: Where a child has a special transport needs then they would typically be entitled to a blue badge, making the parent's car eligible for a companion badge, which exempts the parent's car from parking charges both at home and at destinations within Croydon.

The top 20% on higher income have higher car ownership and uses the car more than twice as much as the 20% on lowest income. [source: <https://www.gov.uk/government/statistical-data-sets/nts07-car-ownership-and-access>]. Car ownership and use impacts on air quality and public realm for those who walk. Although income is not protected characteristic, there is nonetheless a correlation between low income and health deprivation. Inappropriately low parking charges in effect disproportionately benefits the higher income section of the population, at the expense of the public health impacts from air pollution and a degraded living environments of those on lower income – who tends to be more deprived of health.

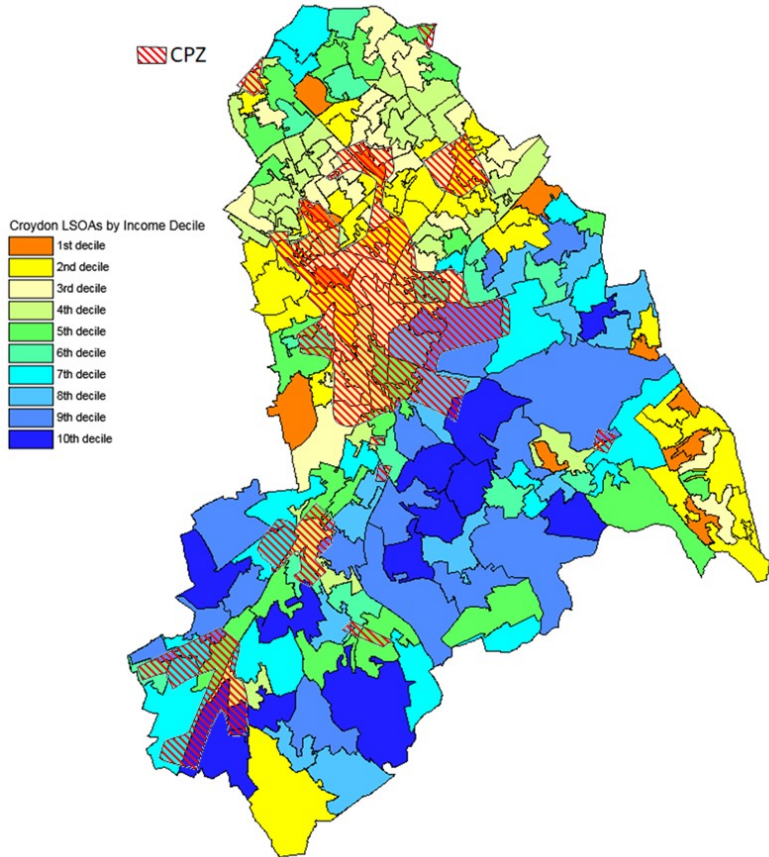


Figure 5 – CPZ P&D areas overlapped with income domain, looking at the proportion of the population who are either out of work or who have low earnings. The orange areas are in the top 10% most deprived areas in the country and together make up 5% of the total areas in the borough. Majority of orange areas are outside the CPZ, with the noticeable exceptions of the North Zone CPZ in Broad Green and Thornton Heath.  
(source: [www.croydonobservatory.org](http://www.croydonobservatory.org))

Figure 5 shows that although some CPZ areas overlap with low income domains, this is not the case for all CPZ areas. An estimation based on Figure 5 is that about a third of low income domains are within CPZ P&D areas.



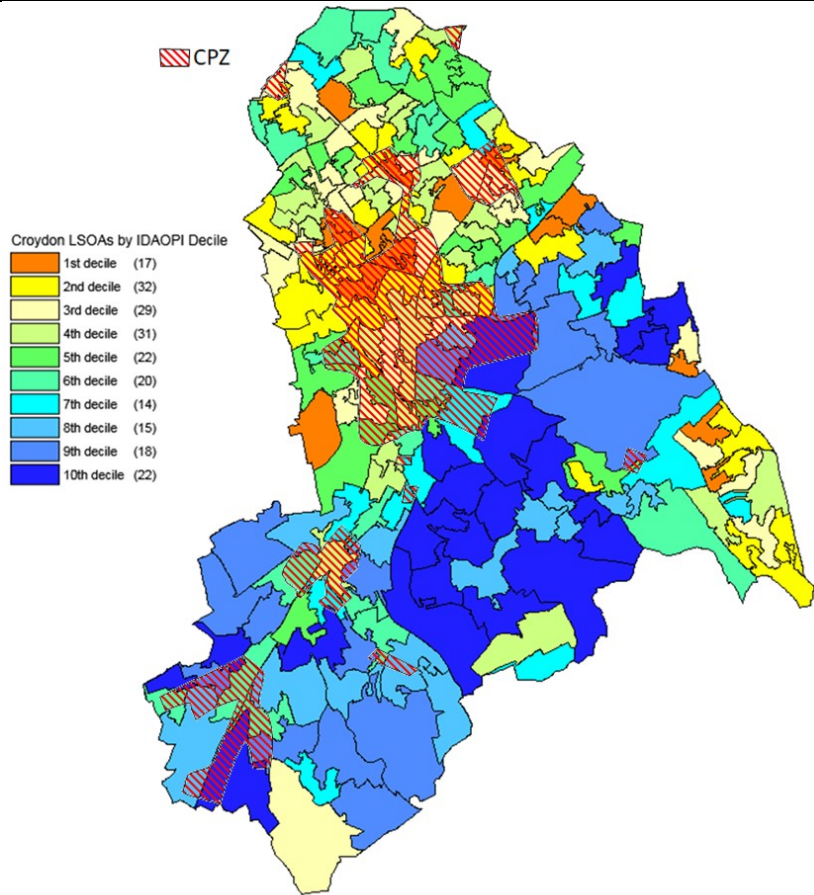
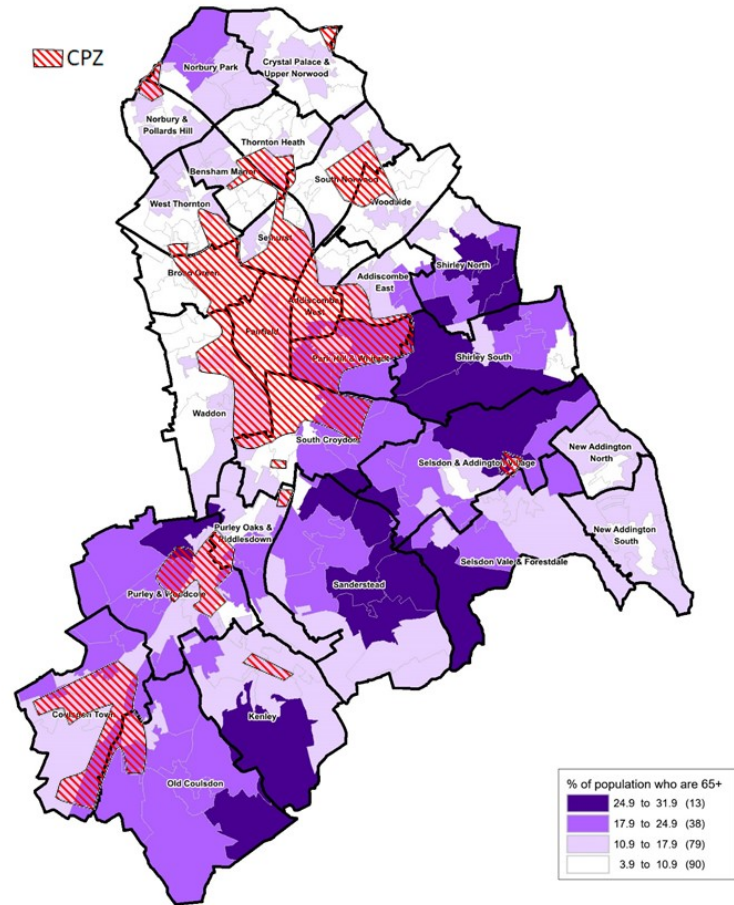


Figure 6 – CPZ P&D areas overlapped with income deprivation amongst the over 60-year olds.  
(source: [www.croydonobservatory.org](http://www.croydonobservatory.org))

**% of population who are 65+  
2016 Mid Year Estimates**



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Figure 7 – CPZ P&D areas overlapped with density of over 65-year olds.  
(source: [www.croydonobservatory.org](http://www.croydonobservatory.org))

In Croydon 17% of older people are considered to be income deprived (source: [www.croydonobservatory.org](http://www.croydonobservatory.org)). Figure 6 indicates that older people living in CPZ P&D areas are disproportionately deprived. Figure 7, however, indicates that the older population is significantly lower within the CPZ P&D areas.

In context of the 160,000 vehicles registered in Croydon, the higher parking charges band accounts for about 19,000 vehicles in the highest emission group (i.e. the 12% most polluting cars) and about 6,000 that predate Mar 2001 (i.e. c.3.7% designed prior to tighter emission standards being introduced). These vehicles are owned by residents across the whole income spectrum. Proportionally, the higher charge will apply to a very small number of residents on low income. Although low income may be the consequence of a protected characteristic, low income in itself is not a protected characteristics. A resident with a threshold mobility impairment, including if driving a high polluting or older car, will be eligible for a disabled Blue Badge and free parking.

### **Unavailability of space for parking a car in a CPZ**

- 3.11 Car ownership in Croydon has increased by 40% in the last 2 decades and is forecast to continually grow at 2% each year – when assuming no intervention. This has meant that there is an increasing pressure on over-subscribed parking spaces and vehicle drivers have become desensitised to the charges applied, hence reducing the effectiveness of charges to manage demand. The current charges are deemed too low for achieving the parking demand management objectives. This is evident from the Parking Policy engagement where many who declared a disability stated it is too difficult to find a parking space near to home. The recent Covid-19 lockdown situation, with more drivers staying at home, created an overwhelming access problem – where some residents had to park many roads away from their homes, in places where they inadvertently impeded residents in these other areas.

Influencing the overall number of non-essential cars parked on the roads in the borough, and in parking congested CPZ P&D in particular, can help improve access for all protected groups with essential car needs, hence improve their ability to travel and participate and thereby advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share such characteristics thus supporting the Council's public Sector equality duty.

## **4 Summary**

- 4.1 There is no evidenced information that the emissions-based and increased parking permit charges will have a disproportionate impact on people with protected characteristics (as covered by the Equality Act).
- 4.2 Whilst those on lower incomes will not be in a position to replace an older higher-polluting car with a new cleaner one, being on a low income is not alone a protected characteristic. Those with mobility relevant characteristics are generally exempt from parking charges.
- 4.3 In the context of car parking in P&D zones and the proposed emission-based parking permit charges, the Equalities Assessment concludes that there are no adverse PSED impacts as a result of this decision. One of the main purposes of the decision is to support the health and wellbeing of residents of the borough with a particular focus on those most susceptible to air pollution. The majority of P&D zones are located in areas more affected by pollution, as detailed below, and therefore impact on areas to which the proposed emission based charges will apply. As such, it is considered that the proposed decision has a positive impact on the duty to seek to

eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act. In addition, as many of the areas most affected by pollution are those which correspond with areas of deprivation in the borough and the majority of P&D zones are similarly located in those areas this decision will seek to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it and afford a better air quality and level of health across more areas of the borough. The Equalities assessment also concludes that this decision will not have any adverse impact on the fostering of good relations between persons who share a relevant protected characteristic and persons who do not share it.

- 4.4 It is not considered that the proposed charges significantly reduce the opportunities for persons who share protected characteristics and who are not eligible for a disabled blue badge. The proposal on balance helps to reduce inequality for those persons who share protected characteristics, in particular for those who are vulnerable to air pollution and who have difficulties accessing their homes and travelling to other destinations, which disproportionately are the young, the elderly and those who live in some of the more deprived areas of the borough. The proposal in effect supports the Council in its duty under the Equality Act 2010.
- 4.5 The many respondents to the parking policy engagement (183) and the emission-based parking permit charges consultation (1,149) have not suggested any alternative solution, which could sufficiently address equality and air quality objectives, without the introduction of a parking charges differential.
- 4.6 Surplus from parking income is ring-fenced and, for example, contribute significantly to sustaining public transport fare concessions such as the Freedom Pass scheme for the elderly. The parking charges therefore indirectly, and incidentally, support the portion of the elder population that do not have a car or who choose to use public transport.
- 4.7 The emission-based parking charges will effectively address inequality issues, by helping to encourage a gradual switch to lesser polluting cars and also help influence the choices of those who are able to give up a non-essential car.

### 3. Impact of the proposed change

**Important Note:** It is necessary to determine how each of the protected groups could be impacted by the proposed change. If there is insufficient information or evidence to reach a decision you will need to gather appropriate quantitative and qualitative information from a range of sources e.g. Croydon Observatory a useful source of information such as Borough Strategies and Plans, Borough and Ward Profiles, Joint Strategic Health Needs Assessments <http://www.croydonobservatory.org/> Other sources include performance monitoring reports, complaints, survey data, audit reports, inspection reports, national research and feedback gained through engagement with service users, voluntary and community organisations and contractors.

### 3.1 Additional information needed to determine impact of proposed change

**Table 1 – Additional information needed to determine impact of proposed change**

If you need to undertake further research and data gathering to help determine the likely impact of the proposed change, outline the information needed in this table.		
Additional information needed	Information source	Date for completion

For guidance and support with consultation and engagement visit <https://intranet.croydon.gov.uk/working-croydon/communications/consultation-and-engagement/starting-engagement-or-consultation>

### 3.2 Deciding whether the potential impact is positive or negative

**Table 2 – Positive/Negative impact**

For each protected characteristic group show whether the impact of the proposed change on service users and/or staff is positive or negative by briefly outlining the nature of the impact in the appropriate column. . If it is decided that analysis is not relevant to some groups, this should be recorded and explained. In all circumstances you should list the source of the evidence used to make this judgement where possible.			
Protected characteristic group(s)	Positive impact	Negative impact	Source of evidence
Age	<p>Improvement in air quality and reduce exposure to air pollution and reduce the damaging impact that air pollution has on public health and public health challenges for all residents and visitors by implementing parking related measures.</p> <p>Surplus from parking charges are ring-fenced and, for example, contribute significantly to sustaining public transport fare concessions such as the Freedom Pass scheme for the elderly. The parking permit charges therefore indirectly supports the portion of the elder population that do not have a car or who choose to use public transport.</p>	<p>Impact for older age group due to frailty and reliance on car travel and parking. This risk is mitigated by implementing measures to exempt such people and this will be consulted upon before a final decision on the revised parking charges is reached.</p> <p>Overall we expect the positive impact of the policy to outweigh the negative impact due to a reduction in air pollution in a person's health.</p>	Air Quality Action Plan 2017-22

	<p>Air pollution contributes to illness and shortened life expectancy. It disproportionately impacts on the most vulnerable in the population, in particular the sick, young and elderly</p> <p>Public Health (NHS) data shows that Croydon currently have the highest rate of hospital admissions for childhood (0-9 years) asthma in London. 7.5% (205) of premature deaths in Croydon are linked to air pollution. Failing to address NOx and particulate matter emissions in Croydon would deprive many local people of their fundamental right to safe air.</p>		
Disability	<p>Improvement in air quality and reduced exposure to air pollution and reduce the damaging impact that air pollution has on public health and public health challenges for all residents and visitors by implementing parking related measures.</p> <p>All 11,459 individual and 71 organisational blue badges holders in Croydon are exempt from the proposed parking charges. Free-of-charge disabled Companion Badges, for those who support a person with a Blue Badge, are also exempt from parking charges.</p> <p>Reduction in non-essential car ownership and use (i.e. less driving to the shop) can potentially enhance accessibility for essential car users.</p>	<p>Potential negative impact on people with disabilities &amp;/or long term health conditions. This is mitigated by implementing measures to exempt such people and this will be consulted upon before a final decision on the revised parking charges is reached.</p> <p>Overall we expect the positive impact of the policy to outweigh the negative impact due to a reduction in air pollution in a person's health.</p>	<p>Air Quality Action Plan 2017-22</p> <p>Blue Badge Scheme</p> <p>Croydon Observatory</p> <p>Disabled Parking Accreditation scheme, in association with Disabled Motoring UK.</p>
Gender	<p>Improvement in air quality and reduced exposure to air pollution and reduce the damaging impact that air pollution has on public health and public health challenges for all residents and visitors by implementing parking related measures.</p>		<p>Air Quality Action Plan 2017-22</p>

Gender Reassignment	Improvement in air quality and reduced exposure to air pollution and reduce the damaging impact that air pollution has on public health and public health challenges for all residents and visitors by implementing parking related measures.		Air Quality Action Plan 2017-22
Marriage or Civil Partnership	Improvement in air quality and reduced exposure to air pollution and reduce the damaging impact that air pollution has on public health and public health challenges for all residents and visitors by implementing parking related measures.		Air Quality Action Plan 2017-22
Religion or belief	Improvement in air quality and reduced exposure to air pollution and reduce the damaging impact that air pollution has on public health and public health challenges for all residents and visitors by implementing parking related measures.		Air Quality Action Plan 2017-22
Race	Improvement in air quality and reduced exposure to air pollution and reduce the damaging impact that air pollution has on public health and public health challenges for all residents and visitors by implementing parking related measures.		Air Quality Action Plan 2017-22
Sexual Orientation	Improvement in air quality and reduced exposure to air pollution and reduce the damaging impact that air pollution has on public health and public health challenges for all residents and visitors by implementing parking related measures.		Air Quality Action Plan 2017-22
Pregnancy or Maternity	Improvement in air quality and reduced exposure to air pollution and reduce the damaging impact that air pollution has on public health and public health challenges for	Potential negative impact during latter stages of pregnancy, where for a period the car can become more essential for travel.	Air Quality Action Plan 2017-22

	<p>all residents and visitors by implementing parking related measures.</p> <p>Air pollution inside a car in congested traffic is higher than on the pavement. The impact of air pollution on the unborn child, during earlier stages of pregnancy, must also be considered. Reductions in car dependency and air pollution are positive contributions.</p>	<p>The temporary nature of the later stage of pregnancy makes it unlikely that increased parking charges, in context of overall car ownership costs, would result in financial hardship and substantially additional reduction in ability to participate in public life.</p> <p>With regards to maternity: Where a child has a special transport needs then they would typically be entitled to a blue badge, making the parent's car eligible for a companion badge, which exempts the parent's car from parking charges both at home and at destinations within Croydon.</p> <p>This will be consulted upon before a final decision on the revised parking charges is reached.</p> <p>Overall we expect the positive impact of the policy to outweigh the negative impact due to a reduction in air pollution in a person's health.</p>	
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**Important note:** You must act to eliminate any potential negative impact which, if it occurred would breach the Equality Act 2010. In some situations this could mean abandoning your proposed change as you may not be able to take action to mitigate all negative impacts.

When you act to reduce any negative impact or maximise any positive impact, you must ensure that this does not create a negative impact on service users and/or staff belonging to groups that share protected characteristics.

### 3.3 Impact scores

#### Example

If we are going to reduce parking provision in a particular location, officers will need to assess the equality impact as follows;

1. Determine the Likelihood of impact. You can do this by using the key in table 5 as a guide, for the purpose of this example, the likelihood of impact score is 2 (likely to impact)



2. Determine the Severity of impact. You can do this by using the key in table 5 as a guide, for the purpose of this example, the Severity of impact score is also 2 (likely to impact )
3. Calculate the equality impact score using table 4 below and the formula **Likelihood x Severity** and record it in table 5, for the purpose of this example - **Likelihood (2) x Severity (2) = 4**

**Table 4 – Equality Impact Score**

<b>Severity of Impact</b>	3	3	6	9
	2	2	4	6
	1	1	2	3
		1	2	3
	<b>Likelihood of Impact</b>			

**Key**

<b>Risk Index</b>	<b>Risk Magnitude</b>
6 – 9	High
3 – 5	Medium
1 – 3	Low

**Table 5 – Impact scores**

<p>Column 1</p> <p><b>PROTECTED GROUP</b></p>	<p>Column 2</p> <p><b>LIKELIHOOD OF IMPACT SCORE</b></p> <p>Use the key below to <b>score</b> the <b>likelihood</b> of the proposed change impacting each of the protected groups, by inserting either 1, 2, or 3 against each protected group.</p> <p><b>1 = Unlikely to impact</b>  <b>2 = Likely to impact</b>  <b>3 = Certain to impact</b></p>	<p>Column 3</p> <p><b>SEVERITY OF IMPACT SCORE</b></p> <p>Use the key below to <b>score</b> the <b>severity</b> of impact of the proposed change on each of the protected groups, by inserting either 1, 2, or 3 against each protected group.</p> <p><b>1 = Unlikely to impact</b>  <b>2 = Likely to impact</b>  <b>3 = Certain to impact</b></p>	<p>Column 4</p> <p><b>EQUALITY IMPACT SCORE</b></p> <p>Calculate the <b>equality impact score</b> for each protected group by multiplying scores in column 2 by scores in column 3. Enter the results below against each protected group.</p> <p><b>Equality impact score = likelihood of impact score x severity of impact score.</b></p>
Age	2	1	2
Disability	2	2	4
Gender	1	1	1
Gender reassignment	1	1	1
Marriage / Civil Partnership	1	1	1
Race	1	1	1
Religion or belief	1	1	1
Sexual Orientation	1	1	1
Pregnancy or Maternity	1	2	2

## 4. Statutory duties

### 4.1 Public Sector Duties

Tick the relevant box(es) to indicate whether the proposed change will adversely impact the Council's ability to meet any of the Public Sector Duties in the Equality Act 2010 set out below.

Advancing equality of opportunity between people who belong to protected groups

Eliminating unlawful discrimination, harassment and victimisation

Fostering good relations between people who belong to protected characteristic groups

**Important note:** If the proposed change adversely impacts the Council's ability to meet any of the Public Sector Duties set out above, mitigating actions must be outlined in the Action Plan in section 5 below.

## 5. Action Plan to mitigate negative impacts of proposed change

**Table 5 – Action Plan to mitigate negative impacts**

Complete this table to show any negative impacts identified for service users and/or staff from protected groups, and planned actions mitigate them.				
Protected characteristic	Negative impact	Mitigating action(s)	Action owner	Date for completion
Age	Potential financial impact for older age group due to frailty, who relies on the car for travel and access.	Frailty is an eligibility criteria for a Blue Badge. This includes those without capacity to drive, for use by relatives and other in their support network carrying them as passengers.  Surplus from parking charges are ring-fenced and, for example, contribute significantly to sustaining public transport fare concessions such	Parking	Upon adoption of the proposed parking charges

		<p>as the Freedom Pass scheme for the elderly. The parking permit charges therefore indirectly supports the portion of the elder population that do not have a car or who choose to use public transport.</p> <p>Where a child has a special transport needs then they would typically be entitled to a Blue Badge, making the parent's car eligible for a companion badge, which exempts the parent's car from parking charges both at home and at destinations within Croydon.</p> <p>This will be consulted upon before a final decision on the revised parking charges is reached.</p>		
Disability	Potential financial impact on people with disabilities and/or long term health conditions, who relies on the car for travel and access.	<p>The holders of 11,459 individual and 71 organisational blue badges issued in Croydon are exempt from the parking charges. Eligibility is granted for both physical and mental (hidden) disabilities, which impairs mobility.</p> <p>The Blue Badge companion badge and certain non-vehicle specific charity badges for volunteers who visit and support vulnerable residents are exempt from parking charges.</p>	Parking	Upon adoption of the proposed parking charges

		<p>Additionally, some essential drivers with mobility impairment have access to Personal Independence Payment (PIP), which is a benefit that helps with the extra costs of a long-term health condition for people aged 16 to 64.</p> <p>This will be consulted upon before a final decision on the revised parking charges is reached.</p>		
<p>Pregnancy or maternity</p>	<p>Potential financial negative impact during latter stages of pregnancy, where for a period the car can become more essential for travel.</p>	<p>The temporary nature of the later stage of pregnancy makes it unlikely that increased parking charges, in context of overall car ownership costs, would result in financial hardship and substantially additional reduction in ability to participate in public life.</p> <p>Air pollution inside a car in congested traffic is higher than on the pavement. The impact of air pollution on the unborn child, during earlier stages of pregnancy, must also be considered. Reductions in car dependency and air pollution are positive contributions.</p> <p>Overall we expect the positive impact of the policy to outweigh the negative impact due to a reduction in air pollution in a person's health.</p>	<p>Parking</p>	<p>Upon adoption of the proposed parking charges</p>

## Equality Analysis

		This will be consulted upon before a final decision on the revised parking charges is reached.		
Race	None yet foreseen.	This will be consulted upon before a final decision on the revised parking charges is reached.		
Sex (gender)	None yet foreseen.	This will be consulted upon before a final decision on the revised parking charges is reached.		
Gender reassignment	None yet foreseen.	This will be consulted upon before a final decision on the revised parking charges is reached.		
Sexual orientation	None yet foreseen.	This will be consulted upon before a final decision on the revised parking charges is reached.		
Religion or belief	None yet foreseen.	This will be consulted upon before a final decision on the revised parking charges is reached.		
Marriage/civil partnership	None yet foreseen.	This will be consulted upon before a final decision on the revised parking charges is reached.		

## 6. Decision on the proposed change

Based on the information outlined in this Equality Analysis enter **X** in column 3 (**Conclusion**) alongside the relevant statement to show your conclusion.

Decision	Definition	Conclusion - Mark 'X' below
No major change	<p>Our analysis demonstrates that the policy is robust. The evidence shows no potential for discrimination and we have taken all opportunities to advance equality and foster good relations, subject to continuing monitoring and review.</p> <p>The prior analysis of the engagement and consultation results has found that no individual protected sub-group stands out as having responded negatively to the principles behind emission-based and increased parking charges – in terms of impact on their protected characteristics. There has been some elevated concern about insufficiency in the parking bays accessible for the disabled and that disabled drivers, with an essential car use need, may have to start paying for parking. These concerns are recognised and mitigated in the policy actions plan.</p> <p>Residents and local businesses for whom parking and road congestion have adverse economic and quality of life implications include people with protected characteristics and some who cannot immediately afford to replace their older cars. We must however also consider fairness to residents who are vulnerable to air pollution, which disproportionately are the young, the elderly and those who live in some of the poorest areas of the borough. They represent groups that tend to have lower car ownership.</p> <p>In context of the 160,000 vehicles registered in Croydon, the higher parking charges band accounts for about 19,000 vehicles in the highest emission group (i.e. the 12% most polluting cars) and about 6,000 that predate Mar 2001 (i.e. c.3.7% designed prior to tighter emission standards being introduced). These vehicles are owned by residents across the whole income spectrum. Proportionally, the higher charge will apply to a very small number of residents on low income. Although low income may be the consequence of a protected characteristic, low income in itself is not a protected characteristics. A resident with a threshold mobility impairment, including if driving a high polluting or older car, will be eligible for a disabled Blue Badge and free parking. The proposed charges can therefore not be generalised as having a disproportionate effect on residents with protected characteristics.</p>	X

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	<p>Influencing the overall number of cars parked on the roads in the borough, and in parking congested P&amp;D zones in particular, can help improve access for all protected groups with essential car needs, hence improve their ability to travel and participate where participation is currently disproportionately low.</p> <p>Active encouragement of lower emission vehicles and the underlying reduction in car use, benefits all individuals, families and neighbourhoods. Air pollution disproportionately impacts on the most vulnerable in the population, in particular the sick, young and elderly. Those at higher risk include those with existing respiratory problems and chronic illnesses such as asthma and chronic obstructive pulmonary disease.</p> <p>There is no evident information to suggest that the emissions based parking permit charges will have a disproportionate impact on people with protected characteristics (as covered by the Equality Act). Whilst those on lower incomes will not be in a position to replace their vehicles with new ones, being on a low income is not alone a protected characteristic.</p> <p>It is considered that the reasons for introducing emissions-based parking charges and a 20p/30min increase outweighs the reasons for not implementing them.</p> <p>This is an initial conclusion, which will be reviewed subject to a pending consultation inviting objections to the proposal and which will be re-considered before a final decision on the revised parking charges is reached.</p> <p><b>If you reach this conclusion, state your reasons and briefly outline the evidence used to support your decision.</b></p>	
Adjust the proposed change	<p>The initial conclusion will be reviewed subject to a pending consultation inviting objections to the proposal and which will be re-considered before a final decision on the revised parking charges is reached. Our proposed change must be adjusted if the consultation identifies unacceptable adverse effects on one or more protected groups that are not justified and can be mitigated.</p> <p><b>If you reach this conclusion, you must outline the actions you will take in Action Plan in section 5 of the Equality Analysis form</b></p>	
Continue the proposed change	<p>The initial conclusion will be reviewed subject to a pending consultation inviting objections to the proposal and which will be re-considered before a final decision on the revised parking charges is reached. Our proposed change must be continued if the advantages outweigh the disadvantages and do not lead to unlawful discrimination. In such case we will adopt or continue with the change, despite potential for adverse impact or opportunities to lessen the impact of discrimination, harassment or victimisation and better advance equality and foster good relations between groups through the change.</p>	



	<p>However, we are not planning to implement them as we are satisfied that our project will not lead to unlawful discrimination and there are justifiable reasons to continue as planned.</p> <p><b>If you reach this conclusion, you should clearly set out the justifications for doing this and it must be in line with the duty to have due regard and how you reached this decision.</b></p>	
Stop or amend the proposed change	The initial conclusion will be reviewed subject to a pending consultation inviting objections to the proposal and which will be re-considered before a final decision on the revised parking charges is reached. Our proposed change must be stopped if the consultation identifies unlawful discrimination or otherwise unacceptable adverse effects on one or more protected groups that are not justified and cannot be mitigated.	
Will this decision be considered at a scheduled meeting? Traffic Management Advisory Committee	Meeting title: Parking charges review January 2021 Date: 14 October 2020	

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## Supporting Documents:

1. Cabinet report on parking policy and emission-base parking charges, 25 March 2019:  
<https://democracy.croydon.gov.uk/ieListDocuments.aspx?CId=183&MId=1553&Ver=4> (item 28/19)
2. TMAC report on the outcome of consultation on emission-based parking permit charges, 24 July 2020:  
<https://democracy.croydon.gov.uk/ieListDocuments.aspx?CId=173&MId=2065&Ver=4> (item 4/19)
3. Scrutiny call-in report on the decision to implement emission-based parking permit charges, 2 September 2019:  
<https://democracy.croydon.gov.uk/ieListDocuments.aspx?CId=166&MId=2086&Ver=4>

## 7. Sign-Off

# Equality Analysis

<b>Officers that must approve this decision</b>			
<b>Equality lead</b>	<b>Name:</b> Yvonne Okiyo	<b>Date:</b> 09.09.2020	
	<b>Position:</b> Equalities Manager		
<b>Director</b>	<b>Name:</b> Steve Iles	<b>Date:</b> 09.09.2020	
	<b>Position:</b> Director of Public Realm, Place		

## LONDON BOROUGH OF CROYDON

To: All Members of Council  
Croydon Council website

### **PUBLIC NOTICE OF KEY DECISIONS MADE BY CABINET MEMBER FOR SUSTAINABLE CROYDON ON 04 DECEMBER 2020**

This statement is produced in accordance with Regulation 13 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

In accordance with the Scrutiny and Overview Procedure Rules, the following decisions may be implemented from **1300 hours on 15 December 2020** unless referred to the Scrutiny and Overview Committee (ie after 13.00 hours on the 6th working day following the day on which the decision was taken). The call-in procedure is appended to this notice.

The following apply to the decision below:

**Reasons for these decisions:** As contained within the report.

**Other options considered and rejected:** As contained within the report.

**Details of conflicts of interest declared by the decision maker:** None

**Note of dispensation granted by the Head of Paid Service in relation to a declared conflict of interest by that decision maker:** None

The Leader of the Council has delegated to the decision maker the power to make the Key Decisions noted out below (6120LR):

**Decision Title: PARKING CHARGES REVIEW JANUARY 2021**

**Key Decision No: 5120ETR**

**Details of decision:**

Having carefully read and considered the Part A report and the requirements of the Council's public sector equality duty in relation to the issues detailed in the body of the reports, the Cabinet Member for Sustainable Croydon

**RESOLVED:**

- 1) To agree, for the reasons detailed in the report, to amend the existing Traffic Management Orders to effect a 30p per 30min increase in the P&D parking bay charges.

- 2) To note that the recommended 30p per 30min increase would coincide with the implementation of emission-based banded parking charges, as agreed by Cabinet 25 March 2019.

**Signed:** Council Solicitor and Monitoring Officer

**Notice Date:** 07 December 2020

## Scrutiny Referral/Call-in Procedure

1. The decisions may be implemented **1300 hours on 15 December 2020** (the 6th working day following the day on which the decision was taken) unless referred to the Scrutiny and Overview Committee.
2. The Council Solicitor shall refer the matter to the Scrutiny and Overview Committee if so requested by:-
  - i) the Chair and Vice Chair of the Scrutiny and Overview Committee and 1 member of that Committee; or for education matters the Chair, Vice Chair and 1 member of that Committee; or
  - ii) 20% of Council Members (14)
3. The referral shall be made on the approved pro-forma (*attached*) which should be submitted electronically or on paper to Victoria Lower by the deadline stated in this notice. Verification of signatures may be by individual e-mail, fax or by post. A decision may only be subject to the referral process once.
4. The Call-In referral shall be completed giving:
  - i) The grounds for the referral
  - ii) The outcome desired
  - iii) Information required to assist the Scrutiny and Overview Committee to consider the referral
  - iv) The date and the signatures of the Councillors requesting the Call-In
5. The decision taker and the relevant Chief Officer(s) shall be notified of the referral who shall suspend implementation of the decision. The Chair of the Scrutiny & Overview Committee shall also be notified.
6. The referral shall be considered at the next scheduled meeting of the Scrutiny & Overview Committee unless, in view of the Council Solicitor, this would cause undue delay. In such cases the Council Solicitor will consult with the decision taker and the Chair of Scrutiny and Overview to agree a date for an additional meeting. The Scrutiny & Overview Committee may only decide to consider a maximum of 3 referrals at any one meeting.
7. At the Scrutiny & Overview Committee meeting the referral will be considered by the Committee which shall determine how much time the Committee will give to the call in and how the item will be dealt with including whether or not it wishes to review the decision. If having considered the decision there are still concerns about the decision then the Committee may refer it back to Cabinet for reconsideration, setting out in writing the nature of the concerns. The Cabinet shall then reconsider the decision, amending the decision or not, before making a final decision.
8. The Scrutiny and Overview Committee may refer the decision to the Council if it considers that the decision is outside of the budget and policy framework of the Council. In such circumstances, the provisions of Rule 7 of the Budget & Policy Framework Procedure Rules (Part 4C of the Constitution) apply. The Council

may decide to take no further action in which case the decision may be implemented. If the Council objects to Cabinet's decision it can nullify the decision if it is outside the Policy Framework and/or inconsistent with the Budget.

9. If the Scrutiny and Overview Committee decides that no further action is necessary then the decision may be implemented.
10. If the Council determines that the decision was within the policy framework and consistent with the budget, the Council will refer any decision to which it objects together with its views on the decision, to the Cabinet. The Cabinet shall choose whether to either amend, withdraw or implement the original decision within 10 working days or at the next meeting of the Cabinet of the referral from the Council.
11. The responses of the decision-taker and the Council shall be notified to all Members of the Scrutiny and Overview Committee once the Cabinet or Council has considered the matter and made a determination.
12. If either the Council or the Scrutiny and Overview Committee fails to meet in accordance with the Council calendar or in accordance with paragraph 6 above, then the decision may be implemented on the next working day after the meeting was scheduled or arranged to take place.
13. **URGENCY:** The referral procedure shall not apply in respect of urgent decisions. A decision will be urgent if any delay likely to be caused by the referral process would seriously prejudice the Council's or the public's interests. The record of the decision and the notice by which it is made public shall state if the decision is urgent and therefore not subject to the referral process. The Chair of the Scrutiny and Overview Committee must agree that the decision proposed cannot be reasonably deferred and that it is urgent. In the absence of the Chair, the Deputy Chair's consent shall be required. In the absence of both the Chair and Deputy Chair, the Mayor's consent shall be required. Any such urgent decisions must be reported at least annually in a report to Council from the Leader including the reasons for urgency.

**Signed:** Council Solicitor and Monitoring Officer

**Notice Date:** 07 December 2020

**Contact Officers:** [victoria.lower@croydon.gov.uk](mailto:victoria.lower@croydon.gov.uk) and [cliona.may@croydon.gov.uk](mailto:cliona.may@croydon.gov.uk)

**PROFORMA**

**REFERRAL OF A KEY DECISION TO THE  
SCRUTINY AND OVERVIEW COMMITTEE**

For the attention of: Victoria Lower and Cliona May, Democratic Services & Scrutiny  
e-mail to

[Victoria.lower@croydon.gov.uk](mailto:Victoria.lower@croydon.gov.uk) and [cliona.may@croydon.gov.uk](mailto:cliona.may@croydon.gov.uk)

Meeting:

Meeting Date:

Agenda Item No:

**Reasons for referral:**

- i) The decision is outside of the Policy Framework
- ii) The decision is inconsistent with the budget
- iii) The decision is inconsistent with another Council Policy
- iv) Other: Please specify:

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**The outcome desired:**

**Information required to assist the Scrutiny and Overview Committee to consider  
the referral:**

Signed:

Date:

Member of \_\_\_\_\_ Committee

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## PROFORMA

### REFERRAL OF A KEY DECISION TO THE SCRUTINY AND OVERVIEW COMMITTEE

For the attention of: Victoria Lower, Democratic Services & Scrutiny  
e-mail to [Victoria.lower@croydon.gov.uk](mailto:Victoria.lower@croydon.gov.uk) and [cliona.may@croydon.gov.uk](mailto:cliona.may@croydon.gov.uk)

Key Decision: **PARKING CHARGES REVIEW JANUARY 2021 No: 5120ETR**

#### Reasons for referral:

- i) The decision is outside of the Policy Framework: Yes
- ii) The decision is inconsistent with the budget
- iii) The decision is inconsistent with another Council Policy: Yes
- iv) Other:

#### ***The decision is outside of the policy framework***

Croydon Council is not allowed to use car parking charges as a fiscal measure. This is widely acknowledged in the paperwork. The timing of this increase argues that this is exactly how the measure is being used:

- It has appeared in two documents about managing emergency funds for the council
- Evidence suggests that car usage is falling in Croydon. So that can't be a justification for introducing the policy now
- While the money will be ringfenced, it seems as if Croydon is now trying to fund a higher proportion of the road maintenance budget from parking charges. This effectively frees up money from elsewhere, or prevents cuts elsewhere. Either way it is using car parking charges as a fiscal measure.

If the council is anticipating additional funds as a result of these measures (and it is), please can it provide evidence as to how it will use these funds to better maintain Croydon's roads. Especially as it is now planning to only maintain roads to "safest minimum levels."

#### ***The decision is inconsistent with another council policy***

The council has stated that one of its corporate priorities is to support and encourage local businesses.

These charges will be bad for local businesses, especially when combined with the corresponding decision to remove free parking bays.

This will especially hit areas that border Bromley (Shirley / Addiscombe / Selsdon / Crystal Palace). Charges are cheaper there. And businesses that are near Caterham (Coulston), where parking is generally free.

In recent years, the council has made parking cheaper on the basis that this is what local businesses need to thrive. What evidence is there that this situation has changed?

**The outcome desired:**

1. To gain reassurance that charges are not being used as a fiscal measure
2. To gain reassurance that this policy does not compromise the council's commitment to local businesses
3. To secure reassurance that this policy has been considered in context with wider changes to parking policy and that the collective impact of all these has been considered by members as a whole

**Information required to assist the Scrutiny and Overview Committee to consider the referral:**

Croydon's analysis of car ownership across the borough.  
Details of Croydon's plans to only maintain roads to the "safest minimum levels"  
Details of any assessments Croydon has made about the impact on business

Signed: Gareth Streeter

Date: 9/12/2020

Member of \_\_\_\_\_ Committee

# Agenda Item 5

<b>REPORT TO:</b>	SCRUTINY & OVERVIEW COMMITTEE 21 December 2020
<b>SUBJECT:</b>	Strategic Review of Companies and other investment arrangements. Brick by Brick Croydon Ltd (“BBB”) -Shareholder decision
<b>LEAD OFFICER:</b>	Katherine Kerswell - Interim Chief Executive
<b>CABINET MEMBER:</b>	Councillor Hamida Ali - Leader of the Council
<b>PERSON LEADING AT SCRUTINY COMMITTEE MEETING:</b>	Chris Buss – Independent Consultant
<b>PUBLIC/EXEMPT:</b>	Public

## **POLICY CONTEXT/AMBITIOUS FOR CROYDON:**

The Strategic review arises from the report in September on the wider review of the Council’s general fund budget and the development of the Croydon renewal plan

<b>ORIGIN OF ITEM:</b>	This report has been referred to the Scrutiny & Overview Committee by the Cabinet for its challenge and assessment.
<b>BRIEF FOR THE COMMITTEE:</b>	The Committee is recommended to: <ol style="list-style-type: none"><li>1. Consider and review the Cabinet report (attached Appendix 1A-1C) and the Action Plan (attached Appendix 2);</li><li>2. Consider any proposed amendments or feedback that it wishes to make on the action plan; and</li><li>3. Submit that feedback in a report to Cabinet at its meeting on 18 January 2020.</li></ol>

## **1. EXECUTIVE SUMMARY**

- 1.1. The report includes a set of recommendations arising from the work commissioned by PwC. These were considered by the Cabinet at its meeting on November 25<sup>th</sup> and the Council at its meeting on November 30<sup>th</sup>. The recommendations deal with a range of governance and related financial issues and have been included in an action plan which is attached and which the Committee are requested to give views on

- 1.2. The report considered by Cabinet also requested that further work be undertaken with regard to BBB so that the Council can consider its options more fully once that work has been undertaken
  - 1.3. The report also amended some of the articles of association of BBB to improve the Council's oversight of the company of which it is the sole shareholder
  2. ***Strategic Review of Companies and other investment arrangements and Brick by Brick Croydon Ltd ("BBB") - Shareholder decision***
  - 2.1. The report as submitted to the Cabinet including its own appendices is appended in full at Appendix 1A to 1C to this summary
  - 2.2. The draft action plan which is based on the full recommendations of the PwC report is attached as appendix 2 to this main report
- 

**CONTACT OFFICER:** Chris Buss- Independent Consultant

#### **APPENDICES TO THIS REPORT**

Appendix 1A - Cabinet report of 25<sup>th</sup> November

Appendix 1B – PwC Report

Appendix 1C – Proposed Brick by Brick Shareholder Resolutions

Appendix 2 - Draft action plan

<b>REPORT TO:</b>	<b>CABINET 25<sup>th</sup> November 2020 COUNCIL 30<sup>th</sup> November 2020</b>
<b>SUBJECT:</b>	<b>Strategic Review of Companies and other investment arrangements Brick by Brick Croydon Ltd (“BBB”) Shareholder decision – Directors and articles of association</b>
<b>LEAD OFFICER:</b>	<b>Katherine Kerswell – Interim Chief Executive</b>
<b>CABINET MEMBER:</b>	<b>Leader of the Council Councillor Hamida Ali</b>
<b>CORPORATE PRIORITY/POLICY CONTEXT/ AMBITIOUS FOR CROYDON</b>	
The strategic review arises from the report in September on the wider review of the Council’s general fund budget and the development of the Croydon renewal plan.	

<b>FINANCIAL IMPACT</b>
In order to ascertain the financial impact of the Council’s previous investment and lending decisions in particular those relating to BBB, further detailed work will be required. The impact of the non payment to date of any interest and dividends is reflected in revised spending plans.
In relation to Director changes and changes to BBB’s articles of association, this does not have a direct financial impact on the Council.
<b>FORWARD PLAN KEY DECISION REFERENCE NO.: 3320CAB</b>
The decision is due to be taken under Special Urgency (notice published on 20 November 2020).
This decision cannot reasonably be deferred because the results of the Strategic review need to be reported as a matter of urgency to limit the Council’s cost exposure. When commissioned at the September Cabinet, it was always the intention to report to the November Cabinet, but no separate listing was made in the forward plan. If the report is not considered at this meeting, the Council will not be able to take appropriate action in regard to its associated companies and other entities where necessary.
The agreement of the Chair of the Scrutiny & Overview Committee has been obtained.

<b>1. CABINET RECOMMENDATIONS</b>
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 recommended to:
1.1 Note the recommendations set out in the report by PwC, and refer the report to the December meeting of the Scrutiny and Overview Committee for their

challenge and assessment. A report from that meeting to be presented at the January Cabinet meeting alongside an action plan.

- 1.2 Authorise the initial further work required on the options identified by PWC regarding the Council's interest in BBB in order to best inform further consideration of those options at the January Cabinet meeting.
- 1.3 Agree that funding of BBB shall continue in line with current loan arrangements and conditions, provided that all funding for construction, and completed unit purchases shall be reviewed on a site by site basis.
- 1.4 Agree that all site transfers to BBB, be halted until the Council has completed the options appraisal.

The Cabinet, on behalf of the Council, exercising its functions as sole shareholder of BBB is recommended to:

- 1.5 Approve the special resolutions contained in Appendix [2] to amend the articles of association of BBB to
  - i. allow quorate meetings to take place with any two Directors present, removing the requirement for an Executive Director to be present and
  - ii. provide for the provision of all unanimous or majority decisions taken by the Directors and minutes of all Directors meetings to the Council as sole shareholder.
- 1.6 Approve the ordinary resolutions contained in Appendix [2] to appoint two Non-Executive Directors to the Board of BBB (both with a finance background), also noting and agreeing that BBB shall indemnify those new Directors in accordance with the company's articles of association and by utilising the company's own insurance policy.
- 1.7 Approve the ordinary resolutions contained in Appendix [2] to remove the two current Directors of BBB, in their capacity as Directors (also noting Executive Directors are employees of the company).
- 1.8 Approve the ordinary resolution contained in Appendix [2] to provide for the right of the Council as sole shareholder to inspect any of the Company's accounting or other records or documents at any time.

## **2. COUNCIL RECOMMENDATIONS**

- 2.1 The Council is asked to note the recommendations set out above, which are to be considered by Cabinet on 25<sup>th</sup> November 2020 and that Council shall receive a verbal update in respect of the outcome, in accordance with recommendation xii of the "Croydon Renewal Plan and amendments to the 2020/21 General Fund Budget" report to Council of 21<sup>st</sup> September 2020.

## **2. EXECUTIVE SUMMARY**

- 2.1 This purpose of this report is to receive and note the reported outcomes of the strategic reviews requested by Cabinet and Council in September 2020. The review has highlighted that the governance arrangements with the Council's subsidiaries are not adequate and that existing protocols need to be enforced and enhanced. In addition governance of the Council's loan portfolio has also been inadequate.
- 2.2 The initial financial conclusions of these past decisions have been included in forecasts for the current year. However, further detailed work will be required with regard to BBB to enable the Council to determine the optimum future relationship with BBB.
- 2.3 Additionally, the purpose of this report is to seek approval from Cabinet, exercising their functions as the sole shareholder of BBB on behalf of the Council, to resolve by ordinary and special resolutions of the company the changes to the Board of Directors and amendments to the articles of association of the company as detailed in the recommendations set out in Appendix[2].

## **3. THE REVIEW**

### **Background**

- 3.1 The Cabinet at its meeting on 21<sup>st</sup> September 2020, instructed that a strategic review be undertaken of the Council's group of companies and other entities and to report back to the November Cabinet. To ensure that the review was independent the Council asked Mr Chris Buss former Director of Finance and Deputy Chief executive of Wandsworth council to act as client for the review and reporting direct to the Interim Chief Executive.
- 3.2 Following a procurement exercise PwC were appointed to undertake the review which covered the following five areas:
- BBB – Council's wholly owned company
  - Croydon Affordable Housing - LLP group structure
  - Growth Zone
  - Revolving investment fund (RIF)
  - Asset investment fund (AIF)

The review concentrated on BBB due to the high value of loans with the company and the higher public profile of that investment.

- 3.3 PwC undertook the review over four weeks interviewing a range of council staff, staff from BBB and a number of other parties. Daily report backs were made to the Council and the project was completed in time for this report to be made to the November committee as requested. The report from PwC is attached and the key findings are summarised in paragraphs 3.4 - 3.9.

## **Key Findings**

- 3.4 The review commenced by examining BBB and reached the following findings. The financial governance arrangements within BBB are lacking, there is an absence of company wide cash flow and forecasting arrangements and inadequate reporting at board level of financial issues. BBB's performance has consistently been below that forecasted in its business plan. As a matter of urgency a Finance Director should be appointed. The Council's oversight of BBB has been lax, allowing inadvertently for loans to expire without formal agreement to extend them. BBB's ambitious strategy of development, endorsed by the Council when it agreed the business plans, has placed the Council at risk in relation to these loans.
- 3.5 The absence of adequate financial systems and processes in BBB means that the Council cannot have assurance as to the accuracy or veracity of the financial information produced by BBB. The outcome is that additional work will be required to enable the Council to determine what is the best strategy for the Council in its future relationship with BBB including which of the options detailed in the report is recommended for future action. It is for the Council as the sole shareholder to determine the future arrangements for BBB including future funding of the company. The work to enable this decision to be made has commenced and will report back as soon as it is completed.
- 3.6 The review has indicated that budgeted income figures within the Council in respect of interest receivable in the current year and potential dividends are at risk. The likelihood of receiving them cannot be confirmed due to forecasts and financial systems within BBB not being suitably robust to enable the Council to place reliance on them.
- 3.7 With respect to the Croydon Affordable Housing, the review identified a range of governance and possible accounting issues as well as issues over tenants having the ability to pay. However, the report does not recommend discontinuing the current arrangements with external investors and suggests exercising caution about further delivery of affordable housing through this route until a further review is undertaken .
- 3.8 The review of the Growth Zone arrangements has noted that the Council's financial circumstances mean that investment though the Growth zone will be limited but that at present the Growth Zone should remain in existence.
- 3.9 The RIF, which was set up as a Council investment portfolio with Cabinet approval in September 2014, and AIF, set up as part of the Council's investment strategy in 2018, both need improved governance around them and clearer reporting to the Council both in terms of costs and reporting. The asset investment fund is under performing compared to the original business plan and there is currently a loss of asset value, this will need to be considered in any decision to dispose of any of the assets.

## **Next steps**

- 3.10 The review makes a number of recommendations for acceptance and implementation by the Council. These are detailed in Appendix 1 and relate



both to the Council's own arrangements but also those of its subsidiaries (BBB and the Croydon Affordable Housing LLP group companies). Many of the findings of the review echo the findings of the report in the public interest issued by Grant Thornton. As with that report, it is recommended that the Council accepts all the recommendations and instructs officers to draw up an action plan to ensure that these recommendations are implemented.

- 3.11 The issues arising with BBB have been raised with the management of BBB at a meeting attended by the Chief Executive and the Leader of the Council. They were also discussed at a Shareholder Investment Board meeting held on the 17<sup>th</sup> November.
- 3.12 Once the second phase of the review has been completed, the Council should be in a position to determine the future of BBB. This will take some time. There are over 20 schemes currently on site which have existing funding agreements in place, although some of these are past the repayment period. To stop BBB drawing down on those agreements could present cash flow issues with consequences that would further increase the risk to the Council. It will therefore be necessary to make payments to BBB in line with current loan arrangements ensuring that conditions for funding are met. The purchase of completed units previously agreed in July will also need to be reassessed on a site by site basis and reviewed in the light of the resources available to the Council.
- 3.13 The Council is also due to transfer a number of sites to BBB, including some with planning approval, in the light of the current review, it is proposed to suspend the transfer of all sites to BBB until the Council has completed the options appraisal.

#### **Functions as sole shareholder**

- 3.14 The Council, as BBB's sole shareholder, is able to amend the company's articles of association and also has the ability to appoint and remove Directors.
- 3.15 There have been recent changes to the Board of Directors at BBB, meaning there are currently only two appointed Directors of BBB (which is the minimum number of Directors to enable quorate meetings to take place). Given the proposed removals, it is necessary to appoint two new Directors of BBB.
- 3.16 Given PwC's report and recommendations, it is proposed that the new Directors have a strong background in finance. The following individuals are recommended to be appointed as Directors because of the skills and experience they have, as detailed below:
- a. Duncan Whitfield is the Strategic Director of Finance and Governance at the London Borough of Southwark with over 20 years experience in the local government finance sector.
  - b. Ian O'Donnell is a finance consultant working on the financial review at the Council. A CIPFA accountant, he has been a consultant since June 2019 and has previously worked as the Executive Director of Resources and s151 officer at Ealing Council as well as the Director of Finance at Waltham Forest Council with a career spanning over 30 years in local government.

- 3.17 In relation to the associated indemnity, it is recommended that the Directors be indemnified under BBB's own insurance policy. This would not cover criminal acts, any other intentional wrongdoing, fraud, recklessness, any acts outside of their powers or the bringing of any action in defamation.
- 3.18 To strengthen oversight of the Company by the Council, as sole shareholder, two further resolutions are recommended. The first enables the Council to have sight of all minutes of Directors meetings and records of all decisions made by the Directors in future. The second ensures the ability of the Council to inspect all Company accounting or other records or documents at any time.

#### **4. CONSULTATION**

- 4.1 No formal consultation has been made on this report, other than factual accuracy checks with external third parties including BBB .

#### **5. PRE-DECISION SCRUTINY**

- 5.1 The Report in the Public Interest which was discussed at the emergency council meeting on the 19<sup>th</sup> November 2020 raised a series of concerns in regard to BBB and the Council's relationship with its external companies and entities. Recommendations 17 and 18 in the Action Plan for the Report in the Public Interest describe the strategic review report being presented to Scrutiny and Overview before being presented at Cabinet.
- 5.2 With the kind support of the Chair of Scrutiny and Overview, the report has in fact been presented to Cabinet first. This is due to the timing of the receipt of the report and the need to progress some interim urgent measures based on its findings. The strategic report and proposed action plan is referred to the December meeting of Scrutiny and Overview committee for a full review and challenge prior to it returning in January to Cabinet for final decision.

#### **6. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS**

- 6.1 It is important that the Council has a thorough understanding of all of its investments, particularly where they are deemed high risk or the financial exposure can change. This will enable the Council to mitigate and manage those risks and inform any future decisions.
- 6.2 The Council has budgeted £16.7m of interest and investment income from BBB within the 2020/21 Budget and therefore the financial position of BBB has a considerable impact on the Council's finances.
- 6.3 The estimated cost of this review to date is £125k These costs have been included in the quarter two financial monitoring.
- 6.4 In order to respond to the recommendations in the review , it will be necessary

to review the capacity and skills of officers and Members to ensure they are suitably qualified and trained to undertake their roles.

## 6.5 Options

The Council has a clear need to carry out this work, in order to inform its Medium Term Financial Strategy and the financial support required from MHCLG.

The Council did not have sufficient capacity or in-house expertise to carry out this review, so external support has been commissioned.

## 6.6 Risks

By accepting and responding to the recommendations of this review, the Council can address the ongoing risks:

- That the Medium Term Financial Strategy will not properly reflect the financial impact of its investments; and
- The Council may be exposed to financial losses over the medium to long term
- The Council needs to make significant improvements to its governance arrangements over external organisations and its investments.

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

## 7. LEGAL CONSIDERATIONS

7.1 The Interim Director for Law and Governance comments that as sole shareholder of BBB, the Council has the ability to act on this Report and its recommendations. The Council has authority under the general power contained in Section 1 of the Localism Act 2011 to continue to take steps in relation to the operation of the company (including its financial relationship with the company), having particular regard to the Council's fiduciary duties.

Approved by: Sean Murphy, Interim Director of Law and Governance and Deputy Monitoring Officer

## 8. HUMAN RESOURCES IMPACT

8.1 There are no direct implications for LBC employees. However, the implications of the issues raised and how they are addressed may have an effect on the medium term financial plan. Any subsequent savings plans that have a staffing impact will be subject to agreed HR procedures and formal consultation

Approved by: Sue Moorman, Director of Human Resources

## **9. EQUALITIES IMPACT**

- 9.1 There are no equalities impacts arising from this report. However the implications of the issues raised and how they are addressed may have an effect on the medium term financial plan. Any subsequent savings plans that have a staffing impact or impact on vulnerable and/or groups that share a protected characteristic will be subject to agreed HR procedures, formal consultation and equality analysis

Approved by: Yvonne Okiyo, Equalities Manager

## **10. ENVIRONMENTAL IMPACT**

- 10.1 There are no environmental impacts arising from this report

## **11. CRIME AND DISORDER REDUCTION IMPACT**

- 11.1 There are no Crime and disorder reduction impacts arising from this report

## **12. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION**

- 12.1 The report by PwC details a wide range of governance failures on behalf of the Council, in its relationship with BBB in particular but also in respect of Croydon Affordable Housing. The recommendations made by PwC will improve the Council's oversight of all of the areas covered by the review. The additional work required on BBB will enable the Council to fully consider its options with regard to the future of BBB with a view to minimising the future financial risk to the Council and maximising the return on its financial outlay in support of the company.

## **13. OPTIONS CONSIDERED AND REJECTED**

- 13.1 The Council has the option of either accepting all or in part the recommendations included within the strategic review. Having examined the recommendations it is difficult to argue from a Council perspective that none of the recommendations should be implemented as they will improve the Council's governance of its directly owned companies and other investments.
- 13.2 In relation to the exercise of the Council's functions as sole shareholder of BBB, the option to do nothing has been considered but is not recommended. In particular, the appointment of Directors with the right expertise will assist with implementing the recommendations of the PwC report, and the carrying out of any further agreed options for its future.

**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

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**CONTACT OFFICER:**

Chris Buss, consultant

**APPENDICES TO THIS REPORT:**

Appendix 1 - PwC Report  
Appendix 2 – Proposed BBB Shareholder resolutions

**BACKGROUND PAPERS:**

PwC Report

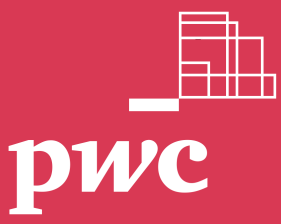
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# London Borough of Croydon

Independent strategic review of Brick by Brick Croydon Ltd, Growth Zone, Croydon Affordable Homes LLP, the Revolving Investment Fund and the Asset Investment Fund

Page 87

13 November 2020





# Guidance

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London Borough of Croydon Council  
Bernard Weatherill House  
8 Mint Walk  
Croydon  
CR0 1EA

We report on London Borough of Croydon Council (“LBC”) and its subsidiaries, Brick by Brick Ltd (“BBB”) and Croydon Affordable Homes LLP (“CAH”) (together, the “group”) in accordance with our engagement contract dated 5 October 2020.

This report has been prepared in connection with the purpose as stated in the engagement contract. This review was carried out for LBC only.

We draw your attention to important comments regarding the scope and process of our work, set out in the appendices.

Save as described in the agreement or as expressly agreed by us in writing, we accept no liability (including for negligence) to anyone else or for any other purpose in connection with this report, and it may not be provided to anyone else.

Yours faithfully

PricewaterhouseCoopers LLP

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# PwC scope and limitations of our work

## Scope of our work

The London Borough of Croydon Council (“LBC” / “the Council”) has engaged PwC to carry out an independent review of its property development related subsidiaries/funding vehicles (“the entities”).

The scope of our engagement specified that c.75% of time should be spent on the review of Brick by Brick Croydon Limited (“BBB”) with the balance spent on the remaining entities. Accordingly, the depth of analysis on BBB is greater than that delivered on Croydon Affordable Homes LLP (“CAH”); Growth Zone (“GZ”); the Revolving Investment Fund (“RIF”); or the Asset Investment Fund (“AIF”). We have taken a prioritised approach to this review given the finite amount of time and resource available.

### Key parts of our review work:

- Rapid financial and operational review of BBB;
- Strategic options review of BBB;
- Review of governance arrangements between LBC and BBB plus desktop review of governance arrangements with the other subsidiaries/funding vehicles;
- Current performance, Value for money and Governance arrangements of CAH, GZ, RIF and AIF.

Due to Government mandated Covid-19 travel restrictions, all meetings were held by video conference or telephone call with correspondence via email.

### Approach to our review

We have taken a prioritised approach to this review given the short timeframe (four weeks). Whilst information was provided quickly by LBC, some financial information from BBB took over two weeks to be provided, limiting our ability to undertake analysis.

We have carried out initial and follow-up reviews of documentation provided by BBB and LBC to build understanding of the BBB financial position and performance including detailed Board, committee and other working papers for FY19/20 and FY20/21, plus any other available and relevant supporting documentation (including governance structures, loan agreements and detailed development site reporting where available).

We held initial and follow-up interviews with the Board and key staff members of BBB as well as key Council personnel, to form a view on performance, operations, governance and strategic options.

A similar approach was adopted for the other entities within scope albeit on a reduced scale due to the agreed focus of review work toward BBB.

## Limitations in relation to our work

Our work commenced on 5 October 2020 with a first draft reporting deadline of 3 November 2020.

It was recognised that this short time frame of four weeks would require prioritisation of work, and that this would result in a high level of review across a large number of complex issues.

The full details required by the Council in respect to certain matters will require further work up, using information that has not been available to us during the course of our review.

In particular, in respect to BBB, delays in receiving information and the quality of information received have impacted the depth of review analysis we have been able to perform, in particular in relation to the current financial position and forecast performance of BBB.

Additional time would be required to refine the analysis, particularly regarding the strategic options available to the Council. Therefore the options set out should be considered indicative. We would recommend further work before a final decision is made by LBC on the future of its investments.

We also bring attention to the following:

- There are several examples of information provided not reconciling with information held by the Council (e.g. loan amounts and drawdown amounts) and we have had to work through these on a line by line basis to understand the correct current position;
- Audited FY19/20 accounts for BBB were outstanding during our review and accordingly we have based our analysis on the draft 2019/20 accounts provided to us by BBB;
- We have not conducted scenario modelling to assess the likely impact of COVID-19 or Brexit on the future performance of the entities or the Council's requirements.

# Brick by Brick - operational review

Section two

# 2a

# At a glance

**1** LBC created BBB in FY15/16 to increase the quantity and quality of affordable housing available and deliver a positive contribution.

Against a backdrop of a nationwide shortage of social housing and affordable homes, with particular acuity felt in London, London Borough of Croydon (“LBC”) established a commercial subsidiary, Brick by Brick Croydon Limited (“BBB”) in FY15/16 to support an increase in the pace and quality of affordable housing being brought to market in the borough.

Delays in development timelines together with market uncertainty created by COVID and Brexit have impaired BBB’s performance against plan and resulted in significant delays to LBC’s return on investment.

BBB’s draft accounts for the year ended 31 March 2020 (FY19/20) suggest a small profit before tax against LBC’s cumulative lending of £199.5m and £14.4m of interest due.

LBC has proactively sought to gain a better understanding of the current and future performance of BBB and strategic options by commissioning this independent review of BBB.

**3** We have completed our work through a combination of interviews and review of documentary evidence.

Our independent review has been conducted through the following:

- Initial and follow-up review of documentation provided by BBB and LBC to build understanding of the BBB financial position and performance including detailed Board, committee and other working papers for FY19/20 and FY20/21 plus any other available and relevant supporting documentation (including governance structures, loan agreements and detailed development site reporting where available);
- Initial and follow-up interviews with the Board and key staff members of BBB as well as key Council personnel to form a view on performance, operations, governance and strategic options.
- Council and BBB staff have been supportive of this process however there have been delays and limitations to the information available, that have impeded the ability to meet the scope in the timeframe available.

**2** The depth of our work has been limited by unavailability of robust financial information from BBB. The lack of management accounts and a 13 week rolling cash flow is concerning.

- We have been asked to perform a rapid review of BBB finances, operations and governance and identify strategic options for LBC.
- Our review and analysis has been limited by the absence of BBB financial documents, such as up to date management accounts, forecast financial performance for the Company and a 13 week rolling cash flow. The business keeps a detailed summary of incoming and outgoing funds, but this does not give the Board, shareholders or lenders an up to date overview of Company performance, profitability or cash requirements. This lack of financial oversight is concerning.
- Our review has been limited by the time in which to conduct the fieldwork, analyse and prepare outputs. It was agreed with LBC that a prioritised approach should be taken. Further detailed work is required in a number of areas.

**4** BBB has significantly underperformed against the FY19/20 business plan.

- Since its inception in 2015, BBB has been entirely dependent on funding from LBC and to date (September 2020) has total borrowings of £214m, comprising loans of £199.5m plus interest payable of £14.4m.
- In its FY19/20 business case, BBB ambitiously stated an ambition to deliver c.500 residential units per annum, targeting the completion of 14 sites already in development (307 units). Planned sales of £132.3m and a profit of £10.3m (7.8%) should have allowed the commencement of repayment of debt to LBC. No interest or loan capital was repaid to LBC in FY19/20.
- BBB attributes this to a number of factors including delays due to COVID, development issues and delays with actions sat with Council departments (such as Planning). We believe COVID was a relatively minor causal factor given the year ended on 31 March 2020. We note there is no reference to a FY19/20 impact in BBB’s March or April Board minutes.

# At a glance

5

BBB's governance requires significant strengthening at Board level with a need for substantially improved financial oversight. LBC also needs to enhance oversight of BBB.

- BBB's governance structure and practices require significant improvement. In particular there is a need for greater financial stewardship and assurance to both the Board and its shareholder (LBC).
- The Board lacks a qualified Finance Director. In addition, the business' in-year financial reporting processes have significant gaps and must improve substantially.
- The appointment of a suitably qualified Director of Finance to strengthen the Board is essential. BBB should prepare monthly management accounts including both year to date overall performance versus plan and forecast outturn for the year, with narrative against any variance. This will provide increased Board oversight of BBB's financial performance and allow it to provide greater assurance to its shareholder and lender, LBC.
- LBC's shareholder oversight of BBB must improve. We recommend rapid appointment of suitable LBC representatives to the BBB Shareholder and Investment Board.

7

Land transfers have been conducted in a way which appears to be s123 compliant, but the method used has been inconsistent.

- The Council has sought to comply with obligations under s123 of the Local Government Act 1972 in relation to best consideration for any land which transfers to BBB. However, there are inconsistencies and differences in the approach that the Council and BBB have used in valuing the land, and where there are material valuation differences these should be better understood and resolved;
- There has been no previous formal documentation or agreement on the 'high' value of affordable housing units to be acquired from BBB which underpinned the valuation BBB has ascribed to the land acquired from the Council;
- The Council and BBB should ensure that all commercial arrangements between them are comprehensively documented going forward.

6

BBB's loan portfolio has not been properly managed by LBC or BBB, and several of the Company's loans are technically in default as a result.

- BBB and LBC put in place loan agreements which cover the lending against specific developments. We have had sight of 30 of these documents.
- In many of the documents we have reviewed, the loans have breached their final repayment dates, and as a result BBB is technically in default on those loans. This is despite the fact that BBB continues to request further drawdowns against the loans.
- We understand that the loans were treated as extended by virtue of discussion of BBB's business plans but have seen no documentary evidence of Board or Cabinet discussions in this respect. This has resulted in loans not defaulting, due to an informal renegotiation apparently endorsed by LBC's lack of action in this respect.
- The loan drawdown process has not operated as stipulated in the loan agreements. The appropriate controls have not been applied by LBC to the LBC lending to the Company.

8

BBB's ambitious strategy of developing large numbers of small, complex and more risky sites has led to significant delays. This strategy has put LBC's investment at risk.

The 2016 Cabinet proposal for the establishment of BBB included the following:

1. Maximise the use of the Council's assets to deliver new homes;
2. Enable an innovative commercial model which will benefit the Council financially and help meet savings targets;
3. Bring forward the development of key sites across the borough;
4. Secure improved community facilities.

As of October 2020, the delays in bringing new homes to the market has put the Council at serious financial risk and resulted in only a handful of new homes being available. As a consequence, savings have not been made. The severity of this situation has not been exposed until late in 2020, as the formal controls that should have been in place were absent.

# At a glance

## 9 Next steps

- As BBB's sole funder, LBC has a number of options in respect to how to address this situation and maximise potential value from BBB. We have set these out for LBC in section 2b.
- Irrespective of the options, LBC should:
  - Review the governance and management of BBB, tightening controls around loan funding in particular;
  - Improve capacity and capability of the teams that interact with BBB on a daily basis including in finance and planning;
  - Require BBB to improve its financial oversight by producing a 13 week rolling cash flow forecast and integrated forecast profit & loss and balance sheet statements; and
  - Require BBB to appoint a sufficiently qualified Director of Finance.

# Brick by Brick - Strategic options

Section two

# 2b



# At a glance: Options available to the Council regarding BBB

Page 97

## 1 We have set out what we consider to be the options available to the Council at this point in time.

- We have used the available information to assess the options in respect to BBB, taking into account:
  - The likely costs and potential revenue from BBB’s development activities;
  - Further funding required (noting that LBC’s financial position is extremely challenged);
  - The status of BBB’s developments, and known problem areas;
  - The potential impact on LBC’s loan funding to BBB, and interest accrued;
  - The impact of insolvency on BBB’s assets;
  - The likely challenges in implementing the options;
  - The likely time requirement to deliver the options.

## 3 The options that present the best financial outcomes for the Council are continuing to trade: Limited build out or build out tranche 1 and some of 2.

- We believe, based on the available information and our discussions to date, that continuing to trade the business while further examining build out or sales options but they do require continued investment in BBB before a cash return is generated.
- Please note that our ability to assess the future costs, future sales and impact on the assets values has been extremely limited. LBC should undertake further work in respect to the detail on these options.
- All of the options result in the Council writing off substantial loan funding and accrued interest.

## 2 Seven options are available to the Council under three categories: Close, Continue to trade or Sell

- We have assessed the options available to LBC having considered the available limited information, and have classified seven options under three categories:



## 4 There is a significant amount of detailed work still to do, to firm up the options, the financial impact of each and their viability

- At this time, we do not believe BBB’s information (i.e. lack of company level financial forecasts) is robust enough for the Council to make a strategic decision in respect of these options.
- As a result, the following actions should be immediately taken, to ensure that the Council is able to make a fully informed decision about the best option to select:
  - The appointment of a Director of Finance;
  - The rapid work up of robust BBB financial (P&L) forecasts; and
  - Further asset review work to test asset values.

# Growth Zone - review

Section four

3

# At a glance

1

Growth Zone is LBC's funding vehicle for investment regeneration in Croydon and is set up to retain and invest business rate increases.

Growth Zone was set up to provide LBC with a vehicle to coordinate its regeneration funding. The original business plan included £309m of Council and £209m of partner funding (GLA, TfL and others) and was predicated on the building of a Westfield retail centre in Croydon.

- Since the submission of the final business model in 2018 the economic climate has changed substantially and the planned scope has been greatly reduced.
- An original £167.8m of approved spend was reduced to £78m by LBC in February 2020, with FY20/21 planned spend reduced from an initial £21m to £6.7m.
- Of an initial 100 projects, 35 are paused and 15 have been stopped.

3

The impact of COVID-19 on the Council and its partners presents a significant risk to fund planned investments and a future business rates receipts on which the model relies.

- There is a significant risk that the parties involved in GZ will have a reduced scope to invest in the near future given the competing demands and costs of the COVID-19 response to date and the potential reduction in forecast business rate increases on which GZ is reliant for future investment.
- Furthermore any increase in lockdown measures may adversely impacted existing project timescales and/or increase the costs of delivery.
- We recommend that LBC continues to communicate clearly with its GZ partners and seeks assurance from each on the forecast ability to fund existing projects to support its own investment decisions and before committing to fund any projects that have not yet commenced.
- A revised business case is recommended to adequately reflect changes in current and future population behaviours and requirements. This should come back to the LBC's cabinet in light of the severity of the cash issue in LBC.

2

Given the ongoing COVID-19 pandemic and economic uncertainty, reducing planned funding in FY20/21 to £6.7m was a sensible step as the original business plan is no longer fit for purpose and requires revision.

- Further to the case by case COVID-19 review undertaken by LBC that resulted in the pausing of 35 projects and the cessation of 15, we recommend a project by project review of the remaining 47 projects be made to assess the return on investment (financial and non-financial) be undertaken to ensure further investment still delivers value.
- This review should also consider if the £6.7m currently forecast in FY20/21 should continue. We understand LBC are in the process of reviewing this.
- Reappraisal may enable LBC to pause further investment. However, we would not recommend closing down the GZ programme as this provides LBC with a vehicle to focus any recovery investment required of it and (dependent on central government policy) does provide LBC with the ability to use Business rates that it may otherwise have to return to central government.

4

Governance structures appear reasonable but the frequency of meetings with partners may need to increase to provide more assurance to LBC in the current climate.

- The monthly suite of meetings including the GZ Steering committee and subgroups seems appropriate in terms of membership and frequency, but the frequency of meetings with key stakeholders may need to increase in particular with GLA given current uncertainty.
- Processes for risk assessment of ongoing projects gives a means of exception reporting but should be completed consistently in order to give a complete picture.

# At a glance

5

There are a number of key next steps LBC should consider in relation to Growth Zone

Given the current economic uncertainty, the steps the Council have taken to review and revise down the ambitious investment plan for Growth Zone are sensible.

There will be a continuing need for some investment in Croydon, particularly in light of the need to generate growth after the pandemic, and so switching off all planned investment would be unwise.

Any subsequent increase in planned investment should be supported by a business case and taken through robust governance and sign off processes for full scrutiny.

# Croydon Affordable Homes LLP - review

Section five

4

# At a glance

Page 102

**1** The LLPs were created as commercial entities to provide affordable housing and generate a positive contribution to the LBC general fund of £1.4m per annum.

- The LLPs are jointly owned by LBC (10%) and Croydon Affordable Housing LLP (90%) which is a registered charity.
- They currently lease 344 properties (248 in CAT and 96 in CAH) from the Council on 80 year leases with a 40 year Council break clause. These properties were purchased through sale and lease back to two funders.
- The LLPs' structure has enabled LBC to utilise right to buy receipts previously not permitted through the housing revenue account allowing investment in Croydon Borough rather than releasing these funds to central government.
- The transfer of assets to LBC's Pension Fund is outside of our review, however we note that the Council is planning to transfer the properties to LBC's pension fund at the 40 year lease break clause to reduce the annual LBC pension contributions.

**3** The life cycle costs of maintenance and repair do not appear to be reserved for in the LBC accounts. This must be addressed and may create an additional increasing annual liability.

- We understand that reserves for life cycle costs for the leased properties are currently not being made in the accounts of LBC. We understand that legal advice suggests the LLPs cannot make the provision in their own accounts.
- We note that the model used for CAH's development included average lifecycle costs of c.£1.4k per property per annum based on 8% of rental income. RICS life cycle costing guidance suggests that provision should be made of c.3% of the asset value per annum. The CAH approach is significantly lower than this but we note that 3% of asset value may be excessive for affordable housing and a tailored approach may be required.
- Immediate steps should be taken by LBC and CAH to assure the Board and Cabinet that suitable provisions for life cycle costs are being made. The amount not reserved may need to be backdated.
- This is particularly important given the planned transfer of the benefit of the properties to LBC's pension fund and reliance on the future rental revenues.

**2** The LLPs' latest financial statements were not available for review, but the FY19/20 forecast outturn was £317k (68% behind target) behind plan, due to bad debts and voids.

- Detailed financial information regarding the group's financial performance in 2019/20 was not available, nor was any record of FY20/21 financial performance in the year to date. We understand that 2019/20 accounts are currently with the external auditors but have not received these. This is a clear shortcoming in the LLP's financial monitoring and governance, given the value and significance of the assets held.
- The forecast outturn as at Q3 FY19/20 indicated the LLPs expected to deliver a combined surplus in 2019/20 of £148k against a budget of £465k. This shortfall in performance was attributed to higher than budgeted voids in CAH (12%) in year, reducing income by £108k and a growing bad debt provision in CAT (£127k over budget). Lettings management performance may also be a factor.
- We note that in Q4 a further 81 homes were transferred but these would not be reflected in the Q3 figures.

**4** The governance arrangements of the CAH LLPs require significant strengthening, as they have been run with insufficient financial oversight.

- Our desktop review of Board and other papers plus interviews with CAH personnel suggests that the quality of financial reporting internally and externally needs to improve. Board papers suggest the last detailed financial update was in February 2020 (in the previous financial year) but only gave a forecast outturn and there is no evidence of the Board receiving a final 2019/20 position or update on FY20/21 trading performance.
- LBC's holding company was dissolved as Companies House filing deadlines were not met. We understand this position is being addressed by LBC, but indicates a need to significantly improve corporate governance and administration.
- We recommend LBC puts in place robust governance around the LLPs given the value of the assets held, with dedicated team resource aligned to the funding that the LLPs provide.

# At a glance

5

CAH and CAT have partially met their purpose of increasing affordable housing available to Croydon residents, however we understand there is an ongoing mismatch of tenants to appropriate properties, resulting in the increase in rent arrears.

- We note that whilst the LLPs have increased the affordable housing available to Croydon residents, they are not forecast to deliver the surplus in line with business plans.
- If the 2019/20 Q3 forecast outturn was accurate, small cost increases or reductions in rental income would result in a failure to breakeven. This would trigger a waterfall payments model that may result in the Council not receiving its full management fee. The Council's overall position would be exacerbated by the need to increase lifecycle reserves.
- Properties are not generating rents in line with plan and costs of chasing rent arrears and increasing bad debt provision are driving financial underperformance.
- Better matching of tenants to appropriate properties is required if the LLP model is to deliver returns in line with the business plan.

6

The operational and business model for the CAH group of LLPs requires detailed review before further investment is made by LBC, and dedicated oversight of the LLPs should be established.

- Before LBC invests any further funds in properties via the CAH LLPs, it should undertake a detailed review of the businesses to ensure:
  - The full future cost of the properties is understood and accounted for appropriately, including lifecycle reserves.
  - There is a clearly understood cash impact for LBC in terms of forecast flow of funds from the LLPs.
  - There is a clear strategy on the use of homes in terms of tenant type and affordability.
  - The quality of financial reporting LBC receives from the LLPs improves, so that LBC has a detailed monthly phased financial plan at the start of each year with monthly progress reports against this at an income and expenditure level, with variance analysis and narrative plus a revised forecast outturn for the year.

# Revolving investment fund - review

Section six

5



# At a glance

Page 105

**1** The RIF was set up in 2014 to increase the amount of funding available to drive growth. Loans totalling £269.7m have been provided through the RIF, mainly to BBB. Many are in default.

- The RIF was set up with Cabinet approval on 29 September 2014, to accelerate the provision of homes, fund development projects, drive growth and sustainable employment opportunities. The RIF was explicitly intended to deliver capital and revenue returns for the Council.
- Since inception, RIF has provided loans totalling £269.7m to Council initiatives and subsidiary companies owned by LBC.
- The main areas of lending are to BBB (£208.8m\*), Real letting property investments - relating to a management property fund providing housing to homeless individuals (£45m), and CAH (£8.4m).
- As at July 2020, the outstanding balances against loans, including accrued interest, provided through the RIF totalled £269.7m.
- No BBB loans have been repaid as a consequence of the lending, in direct contravention of multiple loan agreements which are technically in default.

**3** Governance around the Loans provided has been informal and is not in line with the plan agreed by Cabinet, or best practice.

- The RIF fund was intended to be ring-fenced and have clear governance and decision making. Neither of these stated intentions have been put into place.
- There is no robust treasury plan for management of these loans, or set of standard operating procedures in relation to the management of RIF loans and loan management is not in keeping with industry best practice in relation to management of loans of this size.
- Changes in personnel have left a lack of corporate memory in relation to the RIF loans. It has been particularly challenging to locate copies of loan documentation for the purposes of this review.
- Management of the RIF's loan book has been left to the LBC finance team, but up until mid-October 2020 there was no individual within LBC who had current active oversight of the RIF loan portfolio.

\* Note: £208.8m as at July 2020. Total funding as at 30 September is £214m.

**2** A limit of £272.2m was placed on lending by RIF in the 2018-22 Medium Term Financial Strategy. The RIF has loaned £17.5m more to date than budgeted, in contravention of the Strategy.

- The 2018/22 Medium Term Financial Strategy (“MTFS”) noted that total RIF borrowing from 2018 to 2022 would be £272.2m.
- However, the scale of the funding through the RIF suggests that no cap has been exercised on the funding that the RIF has provided per annum to the extent that in FY20/21 the RIF can currently only lend a further £2.5m before reaching the £272.2m limit stated in the MTFS.
- Since there was an expectation that funding provided would revolve back from BBB to the Council to reinvest, there may have been an expectation that funding would not become excessive. However since the majority of funding to date (£208.8m to BBB\*) has not delivered returns, any further investment represents an increased borrowing requirement for the Council.

**4** RIF lending is currently invested in 23 development projects, several of which are not performing as planned.

- Key investments are not performing as intended. Indeed, many BBB loans are overdue with no evidence of having been renegotiated or interest paid to date.
- The risk profile of the RIF loan book is therefore much higher than planned.
- The RIF has not been revolving, because very few of the loans have repaid with £208.8m\* tied up in BBB loans with no interest received to date.
- The Council has not operated a balanced lending approach in contradiction to the careful analysis set out in the 2018 MTFS paper, with the majority on RIF investment focused on residential development.

# Asset Investment Fund (“AIF”) - review

Section six

6

# At a glance

1

The AIF was set up in 2018 as part of LBC's investment strategy, to fund non-residential property investments. LBC has made investments of £98.8m through the AIF.

- The AIS was designed to group Council investments in commercial property as a vehicle to deliver revenue returns. The fund created is referred to as the Asset Investment Fund ("AIF") and was capped at £100m. The purchase of Croydon Park Hotel ("CPH") at £31.3m was completed before the AIF's inception but is accounted for in the AIF, bringing the fund limit to £131.3m.
- Based on the latest LBC documentation, the AIF has spent £98.8m on £93.5m of assets plus £4.9m of purchase costs, funded through general LBC borrowing.
- Assets purchased (including purchase costs) are: Croydon Park Hotel (£31.3m), Colonnades phases 1 & 2 (£53.5m), 60 Vulcan way (£7.4m); and 37-39 Imperial Way (£6.6m.)

3

Croydon Park Hotel and the Colonnade leisure and retail park both present significant financial risks to LBC that need to be addressed.

- The closure of CPH creates a £1.7m shortfall in FY20/21 rent receipts and exposes the Council to unbudgeted costs for the vacant property including maintenance, repairs, security and insurance.
- LBC currently estimates CPH is worth less than the purchase price. The asset should be appropriately impaired following external valuation, with the corresponding impact reflected in the income and expenditure statement.
- To mitigate this LBC are in the process of assessing alternative uses for the site with a view to generating income and currently expect to retain the property until the market recovers. This process should be prioritised.
- The Colonnades leisure & retail park has a number of tenants that have and will continue to be impacted by COVID-19 restrictions. Rents have underperformed and there is further risk of rent default. LBC should monitor this investment closely and plan for a downside scenario on rent receipts.
- The forecast net return on investment may be overstated by up to £0.6m as described in point 2. LBC should review and agree on the appropriate rate at which the AIF interest is calculated.

2

LBC is forecasting significant AIF underperformance in FY20/21, with a £82k forecast net return against a budget of c.£2.4m. We think the actual return could be a loss of £(0.5m).

- The AIF is forecast to deliver a £82k net return to the Council in FY20/21 against a FY20/21 budget net return of c.£2.4m. The target return based on 2% of total investment of £131.3m is £2.6m.
- Forecast underperformance is driven by two key factors:
  - Croydon Park Hotel ("CPH"). This was expected to deliver rents of £1.7m p.a. but the tenant trading company went into administration in June 2020 in part due to COVID-19 trading pressures with no rent expected in FY20/21.
  - Colonnades leisure & retail park - COVID-19 restrictions have impacted several tenants, leading to rent deferrals and reduced interest in vacant slots, all reducing in year rent receipts.
- The forecast net return of £82k is predicated on an assumed 2.44% rate of interest on borrowing. The current average borrowing rate for LBC is 3.15% which equates to an additional c.£0.6m cost per annum. Adjusting the forecast £82k net return for this additional interest cost would result in a net loss to LBC of c.£0.5m.

4

The monitoring and governance of AIF investments is very limited, and should be strengthened with clear Cabinet scrutiny.

- The process by which assets were acquired is clearly documented and followed LBC policy in terms of formal notices, recorded decisions and supporting documentation.
- The timeframes around making offers for the assets were short and delegated authority was used to make offers, but the commercial rationale behind this was documented.
- However, ongoing monitoring of the AIF portfolio and governance is very limited. AIF performance is not discussed at any formal board, with reporting confined to within the Asset and Estates team and Place directorate. AIF is covered by general financial monitoring on a monthly (previously quarterly) basis.
- The current underperformance of investments, in part due to COVID-19, underlines the importance of the AIF receiving suitable and regular executive oversight. Given the issues regarding Croydon Park Hotel and the need to quickly address these, we recommend higher levels of Cabinet scrutiny going forward.

5

The Council will need to make a strategic decision on the future of the AIF, considering current financial pressures vs long term investment. Immediate sales are likely to reduce value achieved.

- Given the the Council's financial pressures and the current economic uncertainty in the UK due to COVID-19, we agree with the decision to not pursue any further investment in the AIF.
- Making strategic decisions on asset realisation at a time of uncertainty may impact value and therefore disposals in the immediate term are currently unlikely to realise best value.
- We believe the best course of action at present is to seek to maximise returns on the existing investments and undertake annual strategic reviews of the AIF to assess if/when disposals will result in best value.
- However, if LBC needs to release cash to mitigate financial pressures in year, the AIF does represent significant potential for unlocking cash.

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# Recommendations and next steps

Section six

7

# Key observations and recommendations

## Priority

The actions have been given a 'Priority' rating from high to low. This reflects the degree of urgency with which we believe the actions should be addressed.

High	This is critical to progress.
Medium	This is important to progress.
Low	This is least important to progress.

## Ease of implementation






The 'Ease of implementation' rating in the final column indicates the level of difficulty of implementation, taking into account any work already undertaken

	Hardest to implement in the available time period.
	Can be implemented in short to medium term.
	Easiest to implement in the available time period.

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# Key observations and recommendations

Page 111

Ref.	Area	Observation and action	Responsible Organisation	Priority (High / Med / Low)	Ease of implementation (Red / Amber / Green)
1	BBB - Financial planning	The Company does not currently produce a consolidated phased plan against which to assess year to date financial performance, nor does it produce consolidated forecasts in terms of cash flow, profit and loss or financial position. We recommend that BBB should improve its financial oversight by producing: A 13 week rolling cash flow forecast; and integrated forecast profit and loss and balance sheet statements.	BBB	High	
2	BBB - Financial governance	There is currently no financially qualified member of the Board to provide challenge to BBB's reported performance or forecasts. BBB should ensure that there is a sufficiently qualified Director of Finance in post to increase the internal financial scrutiny and challenge and support the Shareholder Board to improve its understanding of the business's finances.	BBB	High	
3	BBB - Financial Governance - reporting	BBB does not currently have any integrated company-wide financial monitoring or forecast and therefore it is challenging for the Board to make effective decisions on the basis of Company financial performance. Whilst we understand there is an ambition to produce monthly management accounts moving forward, BBB should integrate development, sales and financial projections into a monthly reporting cycle to provide visibility to the Board on the Company's financial position.	BBB	High	
4	BBB - Financial Governance	There is a lack of financial capacity and capability within BBB. In addition to the appointment of a qualified Director of Finance we expect there to be at least one additional suitably qualified member of staff who can support the development of robust financial information to proactively manage the BBB business.	BBB	High	
5	BBB - State aid	Improve documentation of arrangements for the subsequent sale of assets by BBB, particularly where this has a direct influence on the valuation of land to be acquired / transferred.	LBC	Med	

# Key observations and recommendations








Page 112

Ref.	Area	Observation and action	Responsible Organisation	Priority (High / Med / Low)	Ease of implementation (Red / Amber / Green)
6	LBC - Purchase of BBB properties	<p>The Cabinet has approved in July the further purchase of 231 BBB properties, but has not yet entered into contract for any of these. We understand that the status of these property purchases is pending, subject to review. The Council will need to decision on a site by site basis whether to pursue this option and notify BBB accordingly immediately prior to the practical completion of the schemes.</p> <p>LBC should review the proposed purchases of these properties in light of current market conditions, so that it does not exceed these thus exposing the Council to risk under S123.</p>	LBC	High	
7	LBC - BBB developments	<p>LBC has not created sufficient capacity in its own teams (such as planning) to allow for the increased demand for services that its drive to create affordable homes is generating. There is evidence that some of the delays experienced on BBB development sites are being driven by longer than normal process time in the Council's operational teams. Since the Council must avoid preferential treatment to BBB, it may wish to consider general additional capacity in these teams to support quicker processing across the board. This will support quicker resolution for all developer delays including BBB.</p>	LBC	High	
8	LBC - BBB - State aid	<p>The Council should regularly review the financing and operational arrangements of BBB for ongoing compliance with State Aid requirements, particularly in the context of:</p> <ul style="list-style-type: none"> <li>• Maintaining a state aid compliant capital structure including the equity loan debt model</li> <li>• Pricing loans on a state aid compliant basis which reflect the risk associated with investing in BBB specifically.</li> </ul>	LBC	High	



# Key observations and recommendations

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Ref.	Area	Observation and action	Responsible Organisation	Priority (High / Med / Low)	Ease of implementation (Red / Amber / Green)
9	LBC - Governance	There are significant concerns around the adherence to governance procedures within LBC and its subsidiaries. LBC should consider commissioning a wider and thorough governance review of the organisation.	LBC	High	
10	LBC - Governance	There is insufficient capacity within the LBC corporate governance team to appropriately oversee the application of governance across the organisation. LBC should review its governance team structure and ensure it has the required level of capacity and capability along with senior input to ensure best practice governance procedures are adhered to.	LBC	High	
11	LBC - Governance	It has proven difficult to obtain a complete set of documentation in relation to loans and other agreements between LBC and its subsidiaries. LBC should ensure that it collates and maintains a complete central repository of all commercial arrangements between itself and its subsidiaries,	LBC	Med	
12	LBC - Governance	Given the level of risk associated with BBB, the Council should consider reviewing the BBB risk entry on the central risk register and reflect the risk outside of general governance matters.	LBC	Med	
13	LBC - Disposals	Where analysis and calculations are undertaken with regard the allocation of negative land value across sites, greater levels of clarity and explanation as to the process undertaken should be developed and retained for future audit trail purposes.	LBC	Med	
14	LBC - Disposals	Consider the greater use of third party external valuers for all future site disposals, transfers or acquisitions.	LBC	Med	
15	LBC - Disposals	Maintain an audit trail or log of key assumptions employed in developing valuations and analyses related to land transfers, disposals and acquisitions, particularly where this is performed in house (external valuers typically provide detailed reports on valuation, including assumptions employed).	LBC	Med	

# Key observations and recommendations






Page 114

Ref.	Area	Observation and action	Responsible Organisation	Priority (High / Med / Low)	Ease of implementation (Red / Amber / Green)
16	GZ - Business case	<p>The assumptions on which the original business case was based (forecast business rates increases and the development of a Westfield retail complex) are no longer valid and the business case should be revised.</p> <p>This should be done building on the COVID-19 impact review already completed and must consider the change in the economic forecast for the duration of the proposed investment period and the changes in the requirements of Croydon's population and behaviours following COVID-19 and any associated downturn.</p>	LBC	High	A
17	GZ - Governance	<p>Annual and quarterly review meetings with GLA and the Mayor of London's office: Frequency of governance meetings with stakeholders may not be sufficient in light of ongoing economic uncertainty.</p> <p>LBC may wish to consider increasing frequency until such time as a revised GZ business plan is agreed including the underpinning assumptions over funding - i.e. business rate increases and the Councils ongoing ability to utilise these.</p>	LBC	High	A
18	GZ - Governance	<p>Any subsequent increase in planned investment should be supported by a business case and taken through robust governance and sign off processes for full scrutiny.</p>	LBC	Low	A




# Key observations and recommendations

Ref.	Area	Observation and action	Responsible Organisation	Priority (High / Med / Low)	Ease of implementation (Red / Amber / Green)
19	RIF	The RIF fund was intended to be ring-fenced and have clear governance and decision making. Neither of these stated intentions have been put into place. Cabinet should urgently revisit the purpose of the RIF fund, and set clear lending controls with well enforced drawdown requirements to prevent any further loss of control.	LBC	High	
20	RIF	Management of the RIF's loan book has been left to the LBC finance team, but up until mid-October 2020 there was no individual within LBC who had current active oversight of the RIF loan portfolio. Changes in personnel have left a lack of corporate memory in relation to the RIF loans. It has been particularly challenging to locate copies of loan documentation for the purposes of this review.  Loan documents should all be properly archived and filed so that they can be easily located. An automated reminder and alert system should be established so that Loans are properly managed.	LBC	High	
21	RIF	There is no robust treasury plan for management of these loans, or set of standard operating procedures in relation to the management of RIF loans and loan management is not in keeping with industry best practice in relation to management of loans of this size.  A robust set of operating procedures should now be put into place with immediate effect.	LBC	High	

# Key observations and recommendations

Ref.	Area	Observation and action	Responsible Organisation	Priority (High / Med / Low)	Ease of implementation (Red / Amber / Green)
22	CAH - Life cycle cost provision	We understand that there should be a provision in the LBC accounts for the life cycle costs of the lease properties managed by the CAH group of LLPs. There is no evidence that this provision exists suggesting there is a risk that the true future costs of the leases through to the planned transfers to the Pension Scheme are not recognised. CAH should recognise a liability in their accounts to address this, and funds should be ring fenced to reflect this future cost.	CAH	High	
23	CAH - State aid	A more consistent approach to agreeing land value between the Council and its wholly owned subsidiary: It does not appear to be logical for the two related entities to have materially different views on land valuation.	LBC	Med	
24	CAH	There is a lack of clarity on whether or not life cycle costs are being appropriately recognised. Immediate steps should be taken by LBC and CAH to assure the Board and Cabinet that suitable provisions for life cycle costs are being made. The amount not reserved may need to be backdated.	LBC	High	
25	CAH	We recommend LBC puts in place robust governance around CAH given the value of the assets held, with dedicated team resource including a company secretary function to oversee general CAH LLP group companies house filing and require improved financial reporting from the LLPs.	LBC	Med	
26	CAH	LBC should formulate a clear strategy on the use of homes in terms of tenant type to understand the impact of suggested rent levels and the ability to pay these.	LBC	Med	

# Key observations and recommendations

Ref.	Area	Observation and action	Responsible Organisation	Priority (High / Med / Low)	Ease of implementation (Red / Amber / Green)
27	AIF	<p>Monitoring of the AIF portfolio and governance is very limited. AIF performance is not discussed at any formal board, with reporting confined to within the Asset and Estates team and Place directorate. AIF is covered by general financial monitoring on a monthly (previously quarterly) basis.</p> <p>The governance of AIF should be formalised with a clear regular review with reports to Cabinet on status.</p>	LBC	Med	
28	AIF	<p>Making strategic decisions on asset realisation at a time of uncertainty may impact value and therefore disposals in the immediate term are currently unlikely to realise best value.</p> <p>We believe the best course of action at present is to seek to maximise returns on the existing investments and undertake annual strategic reviews of the AIF to assess if/when disposals will result in best value.</p>	LBC	Med	
29	AIF	<p>If LBC needs to release cash to mitigate financial pressures in year, the AIF does represent significant potential for unlocking cash.</p> <p>Assess if there is a need for cash. If there is, then undertake a more detailed review of each asset for suitability to meet this need. This could include a detailed valuation exercise.</p>	LBC	High	

# Appendices

## Section eight

# 8

# Scope and process

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Scope	Process
<b>Purpose</b>	The report was produced for LBC only and is a confidential document.
<b>Access to management</b>	In general, we have had reasonable access to LBC staff and directors, the Board and staff of BBB, personnel linked to the CAH group, RIF and AIF.
<b>Management representation</b>	We have shown sections of this draft report (excluding section 3 - strategic options), plus supporting appendices to: BBB's CEO (sections related to BBB), the former LBC Section 151 officer (historical pages only); a Trustee of CAH LLP and the Head of Asset Management and Estates (the AIF and RIF sections). They have confirmed that, to the best of their knowledge and belief, the report does not contain any material error of fact, there has been no material omission and it fairly sets out the recent results, state of affairs and (where relevant prospects of the subjects of this review. To the extent that we consider appropriate, we have incorporated their comments in this report.
<b>Access to information</b>	Our work has comprised a review and analysis of the financial and other information provided to us by LBC, BBB, the Trustee of Croydon Affordable Housing LLP and other individuals, plus discussions with individuals related to each of the entities that form the subject of our report. We have assumed that this information and management's explanations and representations are complete, accurate and reliable. The quality and availability of financial information available from BBB has impacted the level of detail we have been able to provide in our strategic options analysis. Further work would be required to deliver more detailed modelling of the proposed options.
<b>Clarity of information</b>	The information provided to us, together with our access to management, has allowed us to gain insight and understanding into some of the more significant risks, trends and issues faced by each of the entities.
<b>Review process</b>	Our work was performed over a 4 week period commencing 5 October 2020. We had access to LBC officers. We also had access to the CEO, BBB and the BBB senior management team and other staff.
<b>Exclusions from scope</b>	LBC should consider our recommendations in the light of its own assessment of the security position. We point out that the scope of our work did not include a detailed review of the Croydon Housing market BBBs competitive position in this markets. Furthermore, our work did not include a review of any of the entities tax affairs or its pension arrangements.
<b>Financial projections and short-term cash flow forecast: Prospective Financial Information ("PFI")</b>	Any underlying PFI referred to in this report was not prepared or developed by us and we have not restated any PFI or made assumptions or projections relating to PFI. Management has full responsibility for the judgements involved in, and results of, its PFI preparation processes. While we may have performed sensitivity analyses on PFI and underlying assumptions, any tables aggregating our comments or observations of vulnerabilities and sensitivities do not represent restatements of or revisions to PFI; they are only a summary of our analysis to assist you with your evaluation of PFI. It is your responsibility to consider our analysis and make your own decisions. As events and circumstances frequently do not occur as expected, there may be material differences between PFI and actual results and cash flows. See also our comment below re BREXIT. We take no responsibility for the achievement of predicted results.
<b>BREXIT</b>	Given the UK referendum result and the subsequent triggering of Article 50 there is uncertainty, which could persist for some time, as to what this may mean for businesses, whether in the UK or outside it but with trading or other connections with the UK. As a result, our work may not have identified, or reliably quantified the impact of, all such uncertainties and implications.
<b>COVID-19</b>	It is not possible for LBC, its subsidiaries or us to assess with any certainty the implications of COVID-19, either in terms of how long the current crisis may continue or in terms of its impact, potential or actual, on LBC or subsidiary business. For example, BBB may face significant supply issues if its supply chain includes entities in regions where the authorities have implemented, or may implement, measures to contain and/or prevent the spread of COVID-19. Similarly, demand for products and services may be significantly impacted. BBB has modified its projections to try and show a possible outcome. It has not considered the potential impact on balance sheet items (such as impairment to assets (such as fixed assets, investments, inventory, receivables), or liabilities and provisions (including potential claims)). BBB has not implemented contingency measures. We note that the potential variation between projected and actual results is likely to be materially greater than it might otherwise have been. We take no responsibility for the achievement of projected or predicted results or balances."

# PwC scope and limitations

## Interviews conducted

### Key individuals we have interviewed:

#### BBB

- CEO
- Chair
- Financial Controller
- Head of Operations
- Head of Delivery
- Head of Property & Engagement,
- Head of Design
- 4x Development managers

#### LBC

- Interim CEO
- Director of Growth Zone
- Executive Director of place
- Executive Director of resources and monitoring officer
- Head of Asset Management and Estates
- Head of Growth Zone
- Head of Internal Audit
- Interim Director of Law & Governance
- Risk and Corporate Programme Officer
- S151 Officer and Director of Finance

#### Others

- External Auditors of the Council and former auditors of BBB
- Former S151 Officer at LBC
- Trustee of Croydon Affordable Housing LLP



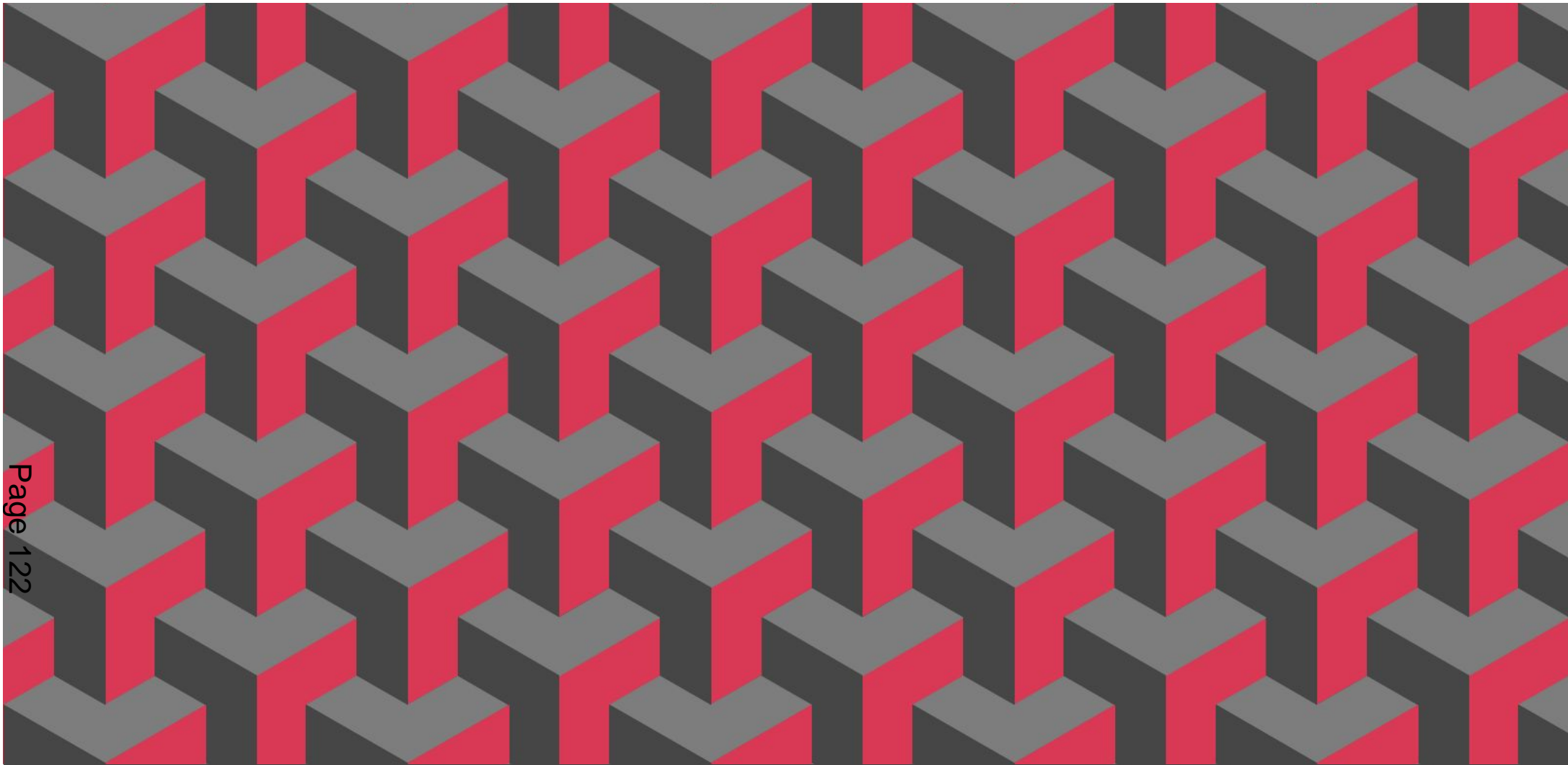
# Glossary

Our report includes a number of terms and short descriptions, which we define alongside:

Term	Definition
AR	Affordable rent
BBB	Brick by Brick Croydon Ltd
BTR	Built to rent
CAH	Croydon Affordable Homes LLP
CAT	Croydon Affordable Tenures LLP
CEO	Chief Executive Officer
CGA	Common Ground Architecture
Company	Brick by Brick Limited
Council	London Borough of Croydon
CT	Corporation tax
EBIT/ EBITDA	Earnings before interest and tax/ Earnings before interest, tax, depreciation and amortisation
EUV	Existing use value
FOT	Forecast outturn
FY19/20, FY20/21, FY21/22	Financial years ending March 2019, March 2020 and March 2021
GLA	Greater London Authority
Group	LBC's subsidiaries, Brick by Brick Ltd and Croydon Affordable Homes Ltd.
GZ	Growth Zone
HMRC	Her Majesty's Revenue & Customs
HTB	Help to buy
LBC	London Borough of Croydon Council
LLP	Limited liability partnership

Term	Definition
Ltd	Private limited company
M6	Month 6 financial period, ending 30 September 2020
MBO	Management buy out
MEIP	Market Economy Investor Principle
MTFS	Medium term financial strategy
MVL	Members voluntary liquidation
NED	Non-executive director
P&L	Statement of profit and loss
p.a.	Per annum
PAYE	Pay as you earn
PC	Practical completion
PFI	Prospective financial information
PwC	PricewaterhouseCoopers LLP
Q1, 2, 3, 4	Quarters ended/ending June, September, December, March
RIF	Revolving Investment Fund
S/O	Shared ownership
S106	Section 106 - the legal agreement between a developer seeking planning permission and the council
S125	Legal agreement between tenant and landlord when tenant is eligible for the Right to Buy to Right to Acquire
Sensitivity	The estimated illustrative financial effect of a change to a key assumption, to reflect either a vulnerability or an upside
SME	Small and medium enterprises
SWOT	Strengths, weaknesses, Opportunities, Threats
TFL	Transport for London
Tranche 1	Site developments in construction

Term	Definition
Tranche 2	Site developments with approved / submitted planning applications
TUPER	Transfer of Undertakings (Protection of Employment) Regulations
VAT	Value added tax
VFM	Value for money
Vulnerability	An unquantifiable sensitivity that may present upside or downside risk
YTD	Year to date



pwc.com

COMPANY NUMBER 09578014

PRIVATE COMPANY LIMITED BY SHARES

WRITTEN RESOLUTION

of

BRICK BY BRICK CROYDON LIMITED (Company)

Date: 2020 (Circulation Date)

Under Chapter 2 of Part 13 of the Companies Act 2006, the member of the Company has required the Company to propose that resolution 1 is passed as a special resolution and resolutions 2 to 5 are passed as ordinary resolutions (the **Resolutions**).

#### SPECIAL RESOLUTION

1 THAT, the articles of association of the Company be amended by:

a. Inserting a new definition of ‘*Finance Director*’ as below:

*“Finance Director means the Director appointed and designated as the finance Director,”*

b. Amending the existing definition of ‘*Director*’ to:

*“Director means a director for the time being of the Company (including any Executive Director, Finance Director and Non-Executive Director), and includes any person occupying such position, by whatever name called,”*

c. Deleting article 12.2 and replacing it with the following new article 12.2:

*“Subject to Article 12.3, the quorum for the transaction of business at a Directors’ meeting shall be any 2 Directors”:*

d. Inserting a new Article 15.3 as below:

*“Following any unanimous or majority decision taken by the Directors (whether such decision is taken by electronic means or otherwise) the record of such decision shall be circulated to the Shareholder within 2 working days of the date of the decision and in any event all meetings of the Directors shall be properly minuted and those minutes provided to the Shareholder within not more than 5 working days of such meeting taking place.”*

e. Deleting article 18.1 and replacing it with the following new article 18.1:

*“Unless otherwise determined by ordinary resolution, the number of Directors shall not be less than 2 (and shall not be more than 4 and may*

*comprise of an Executive Director (if appointed), Finance Director (if appointed) and Non-Executive Director(s)). No shareholding qualification for Directors shall be required”*

#### **ORDINARY RESOLUTIONS**

- 2 THAT, pursuant to Article 19.2 of Company’s articles of association, Colm Lacey be removed from office as Director of the Company with immediate effect.
- 3 THAT, pursuant to Article 19.2 of Company’s articles of association, Martyn Evans be removed from office as Director of the Company with immediate effect.
- 4 THAT Duncan Whitfield be appointed to the office as Non-Executive Director of the Company with immediate effect.
- 5 THAT Ian O’Donnell be appointed to the office as Non-Executive Director of the Company with immediate effect.
- 6 THAT, pursuant to Article 51.3 of the Company’s articles of association, for so long as the Council is the sole shareholder of the Company, it shall be entitled to inspect any of the Company’s accounting or other records or documents at any time.

## Appendix 2. Action Plan arising from PwC -Key observations and recommendations

Ref.	Area	Observation and action	Responsible Organisation	Responsible person	Due date
1	BBB - Financial planning	The Company does not currently produce a consolidated phased plan against which to assess year to date financial performance, nor does it produce consolidated forecasts in terms of cash flow, profit and loss or financial position. We recommend that BBB should improve its financial oversight by producing: A 13 week rolling cash flow forecast; and integrated forecast profit and loss and balance sheet statements.	BBB	BBB – Board of Directors	January 2021
2	BBB - Financial governance	There is currently no financially qualified member of the Board to provide challenge to BBB's reported performance or forecasts. BBB should ensure that there is a sufficiently qualified Director of Finance in post to increase the internal financial scrutiny and challenge and support the Shareholder Board to improve its understanding of the business's finances.	BBB	BBB – Board of Directors	February 2021
3	BBB - Financial Governance - reporting	BBB does not currently have any integrated company-wide financial monitoring or forecast and therefore it is challenging for the Board to make effective decisions on the basis of Company financial performance. Whilst we understand there is an ambition to produce monthly management accounts moving forward, BBB should integrate development, sales and financial projections into a monthly reporting cycle to provide visibility to the Board on the Company's financial position.	BBB	BBB – Board of Directors	February 2021

4	BBB - Financial Governance	There is a lack of financial capacity and capability within BBB. In addition to the appointment of a qualified Director of Finance we expect there to be at least one additional suitably qualified member of staff who can support the development of robust financial information to proactively manage the BBB business.	BBB	BBB – Board of Directors	February 2021
5	BBB - State aid	Improve documentation of arrangements for the subsequent sale of assets by BBB, particularly where this has a direct influence on the valuation of land to be acquired / transferred.	LBC	ED - Resources	January 2021
6	LBC - Purchase of BBB properties	The Cabinet has approved in July the further purchase of 231 BBB properties, but has not yet entered into contract for any of these. We understand that the status of these property purchases is pending, subject to review. The Council will need to decision on a site by site basis whether to pursue this option and notify BBB accordingly immediately prior to the practical completion of the schemes. LBC should review the proposed purchases of these properties in light of current market conditions, so that it does not exceed these thus exposing the Council to risk under S123.	LBC	ED Place	March 2021
7	LBC - BBB developments	LBC has not created sufficient capacity in its own teams (such as planning) to allow for the increased demand for services that its drive to create affordable homes is generating. There is evidence that some of the delays experienced on BBB development sites are being driven by longer	LBC	ED Place	June 2021

		than normal process time in the Council's operational teams. Since the Council must avoid preferential treatment to BBB, it may wish to consider general additional capacity in these teams to support quicker processing across the board. This will support quicker resolution for all developer delays including BBB.			
8	LBC - BBB - State aid	<p>The Council should regularly review the financing and operational arrangements of BBB for ongoing compliance with State Aid requirements, particularly in the context of:</p> <ul style="list-style-type: none"> <li>• Maintaining a state aid compliant capital structure including the equity loan debt model</li> <li>• Pricing loans on a state aid compliant basis which reflect the risk associated with investing in BBB specifically.</li> </ul>	LBC	LBC- Exec Director Resources +  Finance Director/S151 Officer	Ongoing  Ongoing
9	LBC - Governance	There are significant concerns around the adherence to governance procedures within LBC and its subsidiaries. LBC should consider commissioning a wider and thorough governance review of the organisation.	LBC	LBC – CEO	April 2021
10	LBC - Governance	There is insufficient capacity within the LBC corporate governance team to appropriately oversee the application of governance across the organisation. LBC should review its governance team structure and ensure it has the required level of capacity and capability along with senior input to ensure best practice governance procedures are adhered to.	LBC	LBC – CEO	April 2021

11	LBC - Governance	It has proven difficult to obtain a complete set of documentation in relation to loans and other agreements between LBC and its subsidiaries. LBC should ensure that it collates and maintains a complete central repository of all commercial arrangements between itself and its subsidiaries,	LBC	LBC – ED Resources	January 2021
12	LBC - Governance	Given the level of risk associated with BBB, the Council should consider reviewing the BBB risk entry on the central risk register and reflect the risk outside of general governance matters.	LBC	ED Place in liaison with FD/S151 Officer	December 2020
13	LBC - Disposals	Where analysis and calculations are undertaken with regard the allocation of negative land value across sites, greater levels of clarity and explanation as to the process undertaken should be developed and retained for future audit trail purposes.	LBC	ED Place in liaison with FD/S151 Officer	December 2020
14	LBC - Disposals	Consider the greater use of third party external valuers for all future site disposals, transfers or acquisitions.	LBC	ED Place	January 2021
15	LBC - Disposals	Maintain an audit trail or log of key assumptions employed in developing valuations and analyses related to land transfers, disposals and acquisitions, particularly where this is performed in house (external valuers typically provide detailed reports on valuation, including assumptions employed).	LBC	ED Place in liaison with FD/S151 Officer	January 2021



16	GZ - Business case	<p>The assumptions on which the original business case was based (forecast business rates increases and the development of a Westfield retail complex) are no longer valid and the business case should be revised.</p> <p>This should be done building on the COVID-19 impact review already completed and must consider the change in the economic forecast for the duration of the proposed investment period and the changes in the requirements of Croydon's population and behaviours following COVID-19 and any associated downturn.</p>	LBC	ED Place in liaison with FD/S151 Officer	March 2021
17	GZ - Governance	<p>Annual and quarterly review meetings with GLA and the Mayor of London's office: Frequency of governance meetings with stakeholders may not be sufficient in light of ongoing economic uncertainty.</p> <p>LBC may wish to consider increasing frequency until such time as a revised GZ business plan is agreed including the underpinning assumptions over funding - i.e. business rate increases and the Councils ongoing ability to utilise these.</p>	LBC	ED Place	Ongoing
18	GZ - Governance	<p>Any subsequent increase in planned investment should be supported by a business case and taken through robust governance and sign off processes for full scrutiny.</p>	LBC	ED Place	Ongoing
19	RIF	<p>The RIF fund was intended to be ring-fenced and have clear governance and decision making. Neither of these stated intentions have been put into place.</p>	LBC	Finance Director	February 2021

		Cabinet should urgently revisit the purpose of the RIF fund, and set clear lending controls with well enforced drawdown requirements to prevent any further loss of control.			
20	RIF	<p>Management of the RIF's loan book has been left to the LBC finance team, but up until mid-October 2020 there was no individual within LBC who had current active oversight of the RIF loan portfolio. Changes in personnel have left a lack of corporate memory in relation to the RIF loans. It has been particularly challenging to locate copies of loan documentation for the purposes of this review.</p> <p>Loan documents should all be properly archived and filed so that they can be easily located. An automated reminder and alert system should be established so that Loans are properly managed.</p>	LBC	Finance Director	February 2021
21	RIF	<p>There is no robust treasury plan for management of these loans, or set of standard operating procedures in relation to the management of RIF loans and loan management is not in keeping with industry best practice in relation to management of loans of this size.</p> <p>A robust set of operating procedures should now be put into place with immediate effect.</p>	LBC	Finance Director	February 2021
22	CAH - Life cycle cost provision	We understand that there should be a provision in the LBC accounts for the life cycle costs of the lease properties managed by the CAH group of LLPs. There is no evidence that this provision exists suggesting there is a risk that the true future costs of the leases through to the planned	CAH	ED Place in liaison with FD/S151 Officer	February 2021

		transfers to the Pension Scheme are not recognised. CAH should recognise a liability in their accounts to address this, and funds should be ring fenced to reflect this future cost.			
23	CAH - State aid	A more consistent approach to agreeing land value between the Council and its wholly owned subsidiary: It does not appear to be logical for the two related entities to have materially different views on land valuation.	LBC	ED Place	January 2021
24	CAH	There is a lack of clarity on whether or not life cycle costs are being appropriately recognised. Immediate steps should be taken by LBC and CAH to assure the Board and Cabinet that suitable provisions for life cycle costs are being made. The amount not reserved may need to be backdated.	LBC	ED Place in liaison with FD/S151 Officer	February 2021
25	CAH	We recommend LBC puts in place robust governance around CAH given the value of the assets held, with dedicated team resource including a company secretary function to oversee general CAH LLP group companies house filing and require improved financial reporting from the LLPs.	LBC	ED Resources	February 2021
26	CAH	LBC should formulate a clear strategy on the use of homes in terms of tenant type to understand the impact of suggested rent levels and the ability to pay these.	LBC	ED Place	February 2021
27	AIF	Monitoring of the AIF portfolio and governance is very limited. AIF performance is not discussed at any formal board, with reporting confined to within the Asset and Estates team and Place directorate.	LBC	ED Place	January 2021

		AIF is covered by general financial monitoring on a monthly (previously quarterly) basis. The governance of AIF should be formalised with a clear regular review with reports to Cabinet on status.			
28	AIF	Making strategic decisions on asset realisation at a time of uncertainty may impact value and therefore disposals in the immediate term are currently unlikely to realise best value. We believe the best course of action at present is to seek to maximise returns on the existing investments and undertake annual strategic reviews of the AIF to assess if/when disposals will result in best value.	LBC	ED Place in liaison with FD/S151 Officer	January 2021
29	AIF	If LBC needs to release cash to mitigate financial pressures in year, the AIF does represent significant potential for unlocking cash. Assess if there is a need for cash. If there is, then undertake a more detailed review of each asset for suitability to meet this need. This could include a detailed valuation exercise.	LBC	ED Place in liaison with FD/S151 Officer	January 2021