

Cabinet

Meeting held on Monday, 8 March 2021 at 2.00 pm. This meeting was being held remotely

MINUTES

Present: Councillor Hamida Ali, Stuart King, Muhammad Ali, Jane Avis, Janet Campbell, Alisa Flemming, Oliver Lewis, Manju Shahul-Hameed, David Wood and Callton Young

Also Present: Councillor Jason Cummings, Lynne Hale, Maria Gatland, Yvette Hopley, Vidhi Mohan, Helen Redfern, Andy Stranack, Gareth Streeter, Louisa Woodley, Sean Fitzsimons, Robert Ward, Pat Clouder, Clive Fraser, Simon Brew, Patsy Cummings, Nina Degrads, Felicity Flynn, Bernadette Khan, Shafi Khan and Andrew Pelling

Apologies: Councillor Jason Perry

Officers: Katherine Kerswell (Interim Chief Executive)
Ozay Ali (Interim Director of Homes & Social Investment)
Doutimi Aseh (Interim Director of Law & Governance)
Chris Buss (Interim Director of Finance, Investment & Risk)
Heather Cheesbrough (Director of Planning and Strategic Transport)
Kerry Crichlow (Programme Director – Children's Improvement)
Shelley Davies (Director of Education)
Matthew Davis (Deputy Section 151 Officer)
Rachel Flowers (Director of Public Health)
Gavin Handford (Director of Policy & Partnership)
Sarah Hayward (Director of Violence Reduction Unit)
Asmat Hussain (Interim Executive Director Resources)
Steve Iles (Director of Public Realm)
Elaine Jackson (Assistant Chief Executive)
Debbie Jones (Executive Director Children, Families & Education)
Annette McPartland (Director of Operations)
Yvonne Murray (Director of Housing Assessment and Solutions)
Sue Moorman (Director of Human Resources)
Ian O'Donnell (Finance Consultant)
Julia Pitt (Director of Gateway Services)
Rachel Soni (Director of Commissioning and Procurement)
Stephen Tate (Director of Growth Employment and Regeneration)
Neil Williams (Chief Digital Officer)

PART A

40/21

Disclosure of Interests

There were none.

41/21

Urgent Business (If any)

There were no items of urgent business.

42/21

Croydon's General Fund & HRA Budget 2021/22 to 2023/24

The Leader of the Council (Councillor Hamida Ali) noted that a huge moment in the council's financial recovery took place on Friday 5 March 2021 when a letter was received from the Minister for Regional Growth & Local Government, Luke Hall which set out the Secretary of State for Housing, Communities & Local Government offer for a capitalisation direction. The offer included up to £70 million for 2020/21 and up to £50 million for 2021/22 which had reflected the council's request. The council's further request for 2022/23 had not been awarded as the Government had been clear that it was not awarding applications for funding beyond 2021/22.

It was stated that the letter from the Minister was included as an appendix to the report and that the council had responded to confirm that it accepted the offer and the attached conditions. The conditions, the Leader confirmed were principally that the funding for 2021/22 would be performance related following consultation with the Improvement & Assurance Panel and good progress against the Croydon Renewal Plan. An additional condition on the agreement was that any additional borrowing that the council may seek to obtain from the Public Works Loan Board would be charged at the premium rate of an additional 1%.

The Leader stated that the offer from Government was a positive decision for the council and reflected the government's confidence that the council not only understood its situation but that it had the resolve to address the situation with a clear plan in place. The Leader thanked officers from across the council who had been involved in developing the submission and the Interim Chief Executive who had led on it. That work, the Leader noted had enabled Cabinet to recommend a balanced budget to Council later that day and would enable the council to lift the Section 114 Notice. However, the council would retain some of the controls associated with the Section 114 Notice to support the delivery of the budget.

It was recognised that significant discipline would be required to deliver the budget and the required savings and that work would be necessary across the council. Whilst there were areas of growth within the budget to support vital services, £80 million of savings were required by the Medium Term Financial Strategy (MTFS).

The Interim Chief Executive (Katherine Kerswell) thanked the Leader for her kind words and recognition of the work of officers across the council since September 2020. A submission to government had been made in December 2020 and a further submission had been made in January 2021 to provide additional requested information. The Interim Chief

Executive advised Members that officers had been working incredibly hard, but confirmed that it was the view of the council's management team that receiving the letter was only the first step in delivering the budget for 2021/22. Officers were committed to ensuring that the council lived within its means and delivered the Croydon Renewal Improvement Plan.

The Interim Director of Finance, Investment & Risk and Section 151 Officer (Chris Buss) informed Members that the Quarter 3 forecast for 2020/21 included an overspend of £65 million with some further risks which needed to be contained. It was his view that £70 million would be enough as most of the risks within the Quarter 3 forecast related to interest payments from Brick by Brick and he expressed the restructured loans would mitigate those risks. Members were further advised that the figure within the forecast also included a £20 million contribution to reserves which could be used if absolutely necessary, however, it was hoped it would not be.

In terms of 2021/22, Members were advised that within table 7 of the report it was reported that £50 million was required to balance the budget which had been granted, but that the figure was predicated on making the savings set out in Appendix A of the report.

Members were directed to Section 21 of the report, where the Interim Section 151 Officer had provided his view on the budget. It was stressed that financial discipline was required to balance the budget and meet the demands of the Improvement & Assurance Panel which had not been present in recent years.

The Cabinet Member for Croydon Renewal (Councillor King) thanked all those involved in developing the submission to the Ministry of Housing, Communities & Local Government (MHCLG) and the budget. Whilst it was recognised to be a positive moment in the council's recovery, the Cabinet Member stated that the Administration and management of the council were aware of the extent and seriousness of the financial challenges facing the council and welcomed the clear comments made by the Interim Director of Finance, Investment & Risk as contained within the report and introduction and stated full acceptance of the problems and challenges faced by the council had been entirely acknowledged.

It was stressed that the new Administration had been singularly focussed on getting things right since November 2020 and it was felt that this new focus had been recognised by the Minister in his letter. Furthermore, the Cabinet Member noted that the Non-Statutory Rapid Review had also recognised that Members were working towards an effective recovery.

The Cabinet Member stated that a balanced budget was being presented due to the successful application for a capitalisation direction and through other means including; the considerable savings programme attached as Appendix A of the report, appropriate budget of services, contributions

from the asset disposal programme and limiting commercial liabilities. The Cabinet Member highlighted that a particular challenge was to deliver social care within the borough in line with the London and national averages.

The Cabinet Member welcomed the planned increase in reserves to potentially £37 million by 2021/22 and that the MTFS planned for the reserves to exceed £50 million. It was noted that this would be achieved due to an extensive review of the capital programme and ensuring that the borrowing was affordable and that any new additions to the programme acquired specific approval.

The Cabinet Member recognised the work of officers and thanked those who had provided external support to the council; Ian O'Donnell, the members of the Finance Review Panel, the Local Government Association and the Improvement & Assurance Panel; for their support, challenge and advice in the proceeding months. Furthermore, it was stressed that the work of the external auditor, Grant Thornton, in writing the Report in the Public Interest has been integral in the improvement journey to-date.

It was noted by the Cabinet Member that a consultation had been undertaken, as outlined within the report, and that almost 2,000 responses had been received as part of that consultation. A number of those responses had included suggestions such as winding down Brick by Brick, reducing Members' Allowances and selling Croydon Park Hotel; all of which formed part of the budget proposals within the report. It was further reported that the consultation responses were being analysed further and would be shared with relevant services to inform the delivery of savings plans.

Whilst there were plans in place to deliver the savings and budget, the Cabinet Member highlighted that risks remained including the continuing impact of the Covid-19 pandemic on the community, the council and local businesses. With the end of the government support of the furlough scheme and ban on evictions there would be additional pressures and demands on council services which must be managed to ensure the delivery of the savings proposal.

The Cabinet Member concluded that each Member would need to determine the robustness of the savings plan, the adequacy of the growth, that appropriate mitigations were in place for the risks, the adequacy of the reserves and whether income opportunities had been maximised when voting on the budget at the Council meeting. Whilst there was a refreshed MTFS and balanced budget proposed, the Cabinet Member stressed that this did not equate to the council living within its means and so there would be a focus on financial discipline across the council to ensure it was delivered for the residents of the borough.

The Cabinet Member for Homes & Gateway Services (Councillor Avis) added her congratulations and thanks to the Leader for leading the Administration to be able to recommend a balanced budget to Council and to officers for their work to develop the budget. She further pledged her commitment to balancing the budget and for ensuring the hard decisions were made to ensure the financial stability of the council going forward.

It was raised that within housing there were a number of risks which needed to be monitored and, where possible, options to mitigate those risks would be utilised. It was noted that temporary and emergency accommodation was a risk faced across London and that the temporary hold on evictions was due to end on 31 March 2021 which may put further pressure on the council. The Cabinet Member further stated that the council was waiting for a response from the Government in relation to its application for a Selective Licensing Scheme.

In relation to the Housing Revenue Account (HRA), the Cabinet Member stated the borrowing cap had been lifted in 2019 following lobbying by the two previous Cabinet Members which had held the portfolio to enable the council to provide affordable housing. Members were advised that the HRA was negotiating with Brick by Brick to acquire 190 affordable rented homes which would be added to the HRA to provide affordable homes for Croydon residents. It was noted that the purchase of the homes was supported by the Mayor of London's programme which provided £100,000 per new property added to the council's housing stock.

The Cabinet Member for Homes & Gateway Services highlighted the ambitious work programme to install ground source heat pumps at council properties which not only helped the environment but also supported residents. Furthermore, fire safety improvements were being put in place across the HRA to ensure tenants were safe in their homes.

It was concluded by the Cabinet Member for Homes & Gateway Services that it was proposed that the rents were set Consumer Prices Index (CPI) plus one, which equated to 1.5% rise in rents. It was noted that this would be the second year of rent increases which was welcomed following four years of rent reductions which had impacted the overall HRA. The Cabinet Member stressed that this increase would ensure the council was able to implement required improvements.

Thanks to staff were provided by Councillor Young, the Cabinet Member for Resources & Financial Governance, for their work in preparing a submission to MHCLG and for restructuring the council to enable the required changes to be implemented. It was particularly welcomed by the Cabinet Member that in addition to the capitalisation direction, the Minister of State had noted the council's cooperation and openness as they were felt to be important signs of change following the new leadership, both politically and corporately.

The Cabinet Member for Resources & Financial Governance reiterated that the work had only just begun to ensure that the budget remained balanced and the council did not issue another Section 114 Notice. Whilst it was welcomed that the Section 114 Notice would be lifted, the Cabinet Member confirmed his support for maintaining the controls which had been put in place to drive forward the change required and to enable the council to deliver the Croydon Renewal Plan.

The Chair of the Scrutiny & Overview Committee (SOC) (Councillor Fitzsimons) stated the budget had been considered by the Committee on 16 February 2021 and provided an overview of the summary and recommendations following that consideration. It was noted that at the time the budget was scrutinised, the council had not received the capitalisation direction, however, the Committee was hopeful that the budget could be delivered following the reassurances in terms of the robustness of the budget development process and deliverability of the budget. Even with this, Members also noted that similar assurances had been provided in previous years and, as such the Chair of SOC suggested that the Committee were optimistic but cautious and so would continue to monitor progress.

The Section 25 Statement of the Interim Section 151 Officer was noted by the Committee, and in particular the statement that the budget was sound as long as there remained the political will to deliver it. In response, the Chair stressed that the will to deliver the budget was a reality and SOC would ensure that this was delivered.

The Chair of SOC noted that the Committee had, in previous years, been concerned that the growth items had been underestimated but reported that Members were more confident in the figures presented for 2021/22 as the figures had been based on the worst case scenarios.

It was noted by the Chair of SOC that in previous years the adult and children's social care budgets had consistently overspent and that a risk remained to ensure they delivered within the budget set for them. To support this, it was stated the scrutiny committees would continue to monitor the target to reduce the number of adults and children in the care system and would ensure there was not an adverse impact due to the reduction and that the council continued to meet its statutory duties.

The importance of culture, and in particular in relation to financial control, was highlighted by the Chair of SOC and it was stated that scrutiny would look at how the cultural changes were being embedded within the organisation as those changes were integral to the delivery of the budget.

It was noted that there were many risks within the savings programme and it was suggested that strong Member oversight was required. The Chair of SOC suggested that as the risk fell within the remit of the General Purposes & Audit Committee (GPAC) that it was appropriate for GPAC to receive regular risk updates going forward to ensure any risks were

mitigated to enable the continued delivery of the budget. Furthermore, it was stressed that corporate monitoring would be required to understand and mitigate any unforeseen consequences of the savings programme.

The Chair of SOC expressed concern that the additional pressures in not only developing the budget but also delivering and monitoring progress, would have on council staff. It was noted that staff were key to the successful delivery of the budget and so it was stressed that the impact of the pressures were monitored. Additionally, it was reported that SOC had agreed that there was an onus on all councillors to ensure the budget was delivered and that the right level of challenge was provided in order to support the delivery of the budget and savings programme.

The Chair of SOC noted that the Committee were pleased that the council's budget outcome for 2020/21 was now relatively certain but should there be any further alterations, it was requested that it be reported to SOC as soon as possible.

In terms of recommendations from scrutiny, the Chair of SOC reported that regular budget monitoring reports would form part of SOC and the Sub-Committee work programmes to ensure that oversight of the delivery was being provided and considered. In line with this, it was reported that Members were keen to ensure that dashboards were developed to support performance monitoring both in the delivery of the budget and savings and also cultural changes. It was stressed that it was important that GPAC monitored and managed the risks, but that SOC also supervised the budget delivery through timely updates.

The Cabinet Member for Children, Young People & Learning (Councillor Flemming) noted that children's and adult social care equated to over 60% of the budget and supported the important work to protect and safeguard the most vulnerable in the borough. Whilst work was underway to reduce the number of children in care, the Cabinet Member stressed that this work had begun before the savings exercises and would result in the right young people being placed in care. It was highlighted to Members that young people were only able to return to their homes or wider family setting where it was right and proper to do so.

The Cabinet Member thanked the Interim Director for Finance, Investment & Risk (Chris Buss) and the Deputy Section 151 Officer (Matthew Davis) for their work to support colleagues in benchmarking social care which would support Croydon to be in line with its statistical neighbours in terms of costs of care packages and placements.

The importance of the work of GPAC was reiterated by the Cabinet Member in supporting social care on its journey to both improvement but also living within its means. Whilst there would be a focus on financial discipline and affordability, it was stressed that by working together the council would continue to provide a good service for the borough's children and young people.

The Cabinet Member for Economic Recovery & Skills (Councillor Shahul-Hameed) congratulated the Leader and the executive team for securing a capitalisation direction which enabled the council to set a balanced budget. Furthermore, she was pleased that the government had confidence in the Administration and the Croydon Renewal Plan. The Cabinet Member reflected on the Chancellor of Exchequer's (Rt. Hon. Rishi Sunak MP) Spring Budget and the Business Rate relief. It was reported that the council had received over 50 enquiries within one day of the announcement from businesses and so it was stressed that there would be a continuation of increased demand on the council but that the council's approach would be ensuring it delivered the best service it could afford.

The Cabinet Member stressed that in addition to other council priorities, the council needed to prioritise getting people back into work following the pandemic and support the green economic recovery, as it was recognised that work poverty impacted demand for council services.

In light of the concerns relating to the financial pressures facing the council and the lack of funding, the Cabinet Member queried how the council could effectively manage the expectations of businesses and vulnerable residents.

In response, the Interim Chief Executive noted that there was a lot of support available within Croydon, and not just from the council. Within the borough there was a huge amount of voluntary, community and faith based support in addition to friends and family and Members were advised that the council would continue to provide services to signpost residents to help and support. Additionally, the Interim Chief Executive advised Members that while the council would continue to provide services to support residents and businesses, these may need to be scaled back. It was further highlighted, that the council would need to remain alert and apply for any appropriate additional funding or initiatives to support the work of the council to help vulnerable communities.

The Leader further agreed that the council should be utilising its partnerships from across the borough to work collectively to meet the challenge of economic recovery following the pandemic. In addition, the Leader confirmed that the council would be looking to secure additional funding, including the Levelling Up Fund. Despite the potential opportunities, the Leader recognised that residents across the borough will be facing challenges due to the economic situation of the country and confirmed that the council would support where possible and would look to leverage support from partnerships also.

The Cabinet Member for Sustainable Croydon (Councillor Muhammad Ali) acknowledged the hard work, commitment and determination of officers, Cabinet Members and colleagues for securing the capitalisation direction and presenting a balanced budget for approval. It was stated that the real

test for the council in terms of the budget and MTFS would be the performance at Quarter 1 in 2021/22 as this would provide an indication of the council's delivery of the budget and savings programme. In light of this, the Cabinet Member queried what needed to be done to support the council to deliver the savings programme and achieve the MTFS targets.

In response, the Cabinet Member for Croydon Renewal stated that whilst the Section 114 Notice would be lifted, the council would continue the spend control mechanisms as they had been effective in managing spend and encouraging those within the council to take responsibility for expenditure. Those processes and the mind set which had developed would be expected to continue as the council rebalanced. The Cabinet Member further highlighted that £1m had been identified within the budget to strengthen financial governance and resilience within the organisation; this would include training, appointing the right people and putting new systems in place to support the implementation of recommendations from the review of the council's financial governance.

The Cabinet Member for Culture & Regeneration (Councillor Lewis) joined colleagues in welcoming the capitalisation direction and thanked colleagues and officers for developing the proposed budget given the difficult circumstances. The Cabinet Member welcomed the lifting of the Section 114 Notice but confirmed that the Administration would pursue achieving financial discipline as it was recognised that the council needed to get the basics right first. The Cabinet Member queried whether the council would seek to deliver further savings and efficiencies, beyond those listed in the report, where possible and whether it would continue to seek fair funding for the borough.

In response, the Leader noted that in addition to the £45 million of savings identified within the report that there was a recommendation to Council that further savings to be identified so more work would be done to make further efficiencies. In terms of the funding allocation, the Leader noted that this had been an issue which had united councillors across the Council Chamber as the borough had not historically received funding per capita which reflected the experiences of residents in the borough. As such, the Leader stated that she felt all councillors would welcome the Fair Funding Review. The Cabinet Member for Croydon Renewal added that Croydon was a Gateway authority which provided additional and unique challenges to the council. In terms of further savings, the Cabinet Member suggested that, following the pandemic, there may be a shift in working patterns with more staff wanting a mix of home and office based working. In turn, this may provide the council with the opportunity to let out more floors of Bernard Weatherill House which would reduce costs and increase revenue opportunities.

The Cabinet Member for Communities, Safety & Resilience (Councillor Wood) stated that the scale of the work undertaken to achieve a capitalisation direction and balanced budget should not be underestimated, especially as many of those who had worked on the

submission had not met in person and the work had taken place while the council was responding to a pandemic. It was further recognised by the Cabinet Member that achieving a balanced budget was only the beginning of the council's journey and that the following months and years ahead would be challenging.

The Cabinet Member confirmed that the council was aware that it would need to continue to work with partners in the voluntary and community sector to deliver work going forward and thanked partners for their contributions and constructive approach to supporting the council to deliver savings, whilst supporting residents. It was stated by the Cabinet Member that the council had listened to the voluntary and community sector, including delaying cuts to give the sector time to mitigate the impact and secure alternative funding.

It was welcomed by the Cabinet Member that a scaled back Community Ward Budget would be reintroduced following discussions with councillors and an understanding of the importance of the budget to support communities. He further welcomed the commitment to increase the council's reserves which would enable the organisation to better respond to any potential future issues and avoid financial difficulties going forward.

The Cabinet Member for Families, Health & Social Care (Councillor Campbell) thanked the adult social care staff who had swiftly transformed delivery within the council in the face of the financial challenges. In terms of integration with health partners, the Cabinet Member queried whether this would continue to take place to deliver further savings.

In response, the Leader stated that the relationship with health partners in Croydon, including Croydon University Hospital, were really important; particularly in light of the response to the pandemic. It was noted that progress had been made towards integration in Croydon over recent years which had provided positive outcomes and experiences for residents in the borough. Furthermore, it was stated by the Leader that there was interest from health partners to further progress integration but that it was important for the council to be confident of its financial position before further integration took place. The Interim Chief Executive added that she felt that there was a huge amount of benefit of integrating health and adult social care but advised that an issue remained on how to achieve integration. Concerns were raised in terms of local government and the NHS having different operating models and budget management approaches and the challenge was to blend the two models effectively. Members were advised that there was a Shadow Health & Social Care Board which was due to go live in April 2021 which would further the work towards integration.

Health partners were thanked by the Interim Chief Executive for their support in terms of the budget and ensuring, where possible, schemes were jointly funded. Members were advised that it was integral for the council to reduce the cost base for adult social care and that focus had

been enshrined within the proposed budget. It was suggested that where integration took place that it clearly reduced costs and savings could be tracked and that there was not a situation of unintended cost shunting.

Concerns were further raised in terms of integration by the Interim Chief Executive in relation to risk. It was recognised that the council had its own risks and that it was not in position to share another organisation's risks. To the same end, Members were advised that it was unlikely that health partners would want to share the council's risks.

The Cabinet Member for Homes & Gateway Services noted that there remained a budget pressure of up to £6.7 million in relation to Unaccompanied Asylum Seeking Children (UASC) and queried whether any progress had been made in conversations with the government in terms of a National Transfer Scheme.

In response, the Interim Executive Director Children, Families & Education (Debbie Jones) advised Members that the council remained in constant conversation with the Department for Education and the Home Office in relation to a National Transfer Scheme. The issue with the Scheme, it was reported, was that it was a voluntary scheme and there was little appetite to make it compulsory. However, Members were advised that there was a voluntary arrangement within London which had worked well for a number of years.

The council did continue to carry additional pressures in terms of UASC and the Executive Director advised that conversations continued to have this recognised and that the expertise developed by the council should be financially supported by others.

Members were advised that to bring the borough in line with the national average of 0.07% would mean the council would support around 66 UASC whereas there were around 215 in the care system and they made up over 56% of the care leaver population. As such, the Executive Director advised Members that negotiations continued to have it recognised that Croydon was carrying additional pressures and that support was required.

The Leader reflected that support with the UASC pressures and fair funding for the borough were shared positions within the Council Chamber. It was queried by the Leader that following an agreement on the budget and agreeing the capitalisation direction what the position would be in terms of the Section 114 Notice.

In response, the Interim Director of Finance, Investment & Risk advised Members that the Section 114 Notice would be formally lifted once the Secretary of State had issued the capital direction.

The Cabinet Member for Resources & Financial Governance noted that the low level of reserves had been one of the issues which had caused

the financial challenges faced by the council and that going forward it was important that there was a strategy in place to manage reserves. In light of the statement by the Interim Director of Finance, Investment & Risk that reserves may be used in the coming year; the Cabinet Member requested clarification on the reserves position. Queries were further raised in terms of the strong corporate processes which would be put in place to review and monitor spend throughout the year.

The Interim Director of Finance, Investment & Risk confirmed that the council had started the 2020/21 financial year with £7 million of reserves and that during the financial year a further £20 million would be added to the reserves. Within the proposed 2021/22 budget a further £10 million would be added to the reserves which would bring the total to £37 million. The Interim Director advised Members that the MTFS planned for further contributions over the following two years which would bring the total of reserves to an excess of £50 million; subject to the reserves not being spent, if required sooner.

The Interim Chief Executive confirmed that the successful delivery of the budget would be through strong corporate processes, management activity and accountability. Members were advised that a number of processes were being developed to strengthen systems which were not performing, including an improvement finance management system which would require up-to-date information to be input into the system, thereby enabling staff to accurately forecast their expenditure.

Furthermore, the Interim Chief Executive advised Members that reporting to Cabinet, SOC and GPAC would be improved as it was hoped that in time it would be possible to have a financial system which provided real-time data as opposed to the current three month time lag between each quarter. Tracking of in-year savings, income and growth would also take place throughout the year to ensure the desired outcomes were being delivered.

To that end, it was suggested by the Interim Chief Executive that on one level, discussions would become boring over the following 12 months as they would be focussed on managing money properly and delivering the Croydon Renewal Plan and budget. It was stated that it was important that expectations were managed and that all staff took responsibility for the budget and to that end it was planned that there would be a launch of this new focus with an all staff event at the end of March 2021.

In response, the Leader and Cabinet Member for Resources & Financial Governance reflected that it was important to do “boring” well before looking to expand further.

The Shadow Cabinet Member for Finance & Resources (Councillor Jason Cummings) noted that all involved would have hoped that a capitalisation direction had not been necessary and that the council had not been faced by such a significant financial challenge. It was recognised that the

following years would define whether the council was capable of change and recovery and the Shadow Cabinet Member stated that he hoped that this would be achieved.

It was queried by the Shadow Cabinet Member whether the 1% surcharge on Public Works Loans Board which had been included the letter from the Minister had been built into the budget projection and that there were no changes to the figures previously published. It was further noted by the Shadow Cabinet Member that the figures for cash limit movement table seven of the report had changed by c. £27 million since the initial Cabinet report and he requested an explanation for this change.

In response, the Interim Director of Finance, Investment & Risk advised Members that when officers were reconciling the figures it was noted that there was a line for depreciation which was both above and below the line; which was £27 million. This had been added at the top of the table and again at the bottom as corporate income as depreciation was not treated the same within local government accounts as it would be within commercial accounts. In terms of the increased interest rate, the Interim Director advised that should the council need to borrow then the charge had been built into the budget.

The Shadow Cabinet Member for Families, Health & Social Care (Councillor Hopley) noted there was a pension contribution listed on page 68 of the report of Appendix A and queried whether the contribution related to the asset transfer to the Pension Fund. It was stated that there had been uncertainty in terms of the figures related to the valuation of the asset transfer and the Shadow Cabinet Member requested clarity in terms of this matter.

In response, the Interim Director of Finance, Investment & Risk confirmed that the figures related to the transfer of properties to the Pension Fund which had been agreed by Council in 2018/19, but had yet to be formally completed. Members were advised that there had been an issue with a couple of properties, which had been due to be transferred, being within the HRA and that this issue was being worked through.

Councillor Brew noted that the council's accounts for the previous three years had been approved within a few months of year end, but that the 2019/20 were still to be approved. Clarification was sought as to what was causing the delay in the accounts being approved and what the legal deadline was in terms of approval.

In response, the Interim Director of Finance, Investment & Risk informed Members that there was no formal legal deadline for accounts to be approved, unlike for companies. Whilst it was noted that there was a local authority in the South East which had only just had their 2016/17 accounts signed off, the Interim Director hoped that the accounts would be approved relatively quickly. Members were advised that the council was in

discussion with the external auditor (Grant Thornton) on matters of fact and accounting opinion which were hoped to be resolved fairly quickly.

The Shadow Cabinet Member for Safer Croydon & Communities (Councillor Stranack) noted that in the Capital Programme £2.1 million had been set aside for libraries, leisure and open spaces and queried how that money would be spent and whether that money could be used to save some libraries which were under threat.

In response, the Interim Director advised the Member that he did not have a breakdown of the money available at the meeting, but would ensure the breakdown was shared with the councillor. However, Members were advised that the money was capital funds and it was unlikely it could be used to cover the running costs of libraries which would be revenue.

The Shadow Cabinet Member for Culture, Leisure & Sport (Job Share) (Councillor Mohan) noted that a public consultation had taken place prior to Christmas and requested details of when the results of the consultation would be published. The Cabinet Member for Croydon Renewal confirmed that the headlines from the consultation were included within the report and suggested that the more statistical data from the consultation could be shared with councillors.

The Opposition Scrutiny Lead Member (Councillor Ward) queried whether the Grant Thornton report on the review of the Fairfield Halls refurbishment had been submitted to the council for fact checking and requested that the fact checking be a high priority for the council. Additionally, he requested confirmation of when the final report would be published. The Interim Chief Executive confirmed that she had contacted the external auditor for clarification of the timeline as the council was keen to complete the fact checking process to enable the report to be available.

Concerns were raised by the Shadow Cabinet Member for Homes & Gateway Services in terms of the impact of the budget on staffing and potential job losses. The Leader confirmed that the staffing review had recently taken place and a consultation on the top three tiers of management was ongoing which would bring savings, however, it was recognised that further savings were required within the MTFS. The Director of Human Resources (Sue Moorman) advised Members that the proposals within the report had been subject to consultation with trade unions and staff and needed to follow due process. Should there be any new or alternative proposals in the future, Members were advised that the same process of consultation and conversations with trade unions and staff would be followed.

Following discussions of the property transfer to the Pension Fund, Councillor Pelling queried whether the Fund would benefit from any uplift in property prices from the point of agreeing the transfer as it was recognised that there had been a delay in formally completing the transfer.

In response, the Interim Director of Finance, Investment & Risk advised Members that the transaction would take place in 38 years' time and the assessment of value would likely take place when the council has an actuarial valuation. When the actuaries assessed the Pension Fund's assets, or future gifted assets, on a periodic basis the value would be assessed which would impact the contribution received by the council from the Pension Fund.

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

RESOLVED: To recommend to Full Council to approve the following recommendations at its meeting on 8th March 2021:

The Revenue Budget for 2021/22 and notes the 3 Year Medium Term Financial Plan as detailed within Section 11 which is based upon the:

1. Council's request for a Capitalisation Direction of £150m covering financial years 2020/21 to 2023/24, of which a direction of up to £120m has been granted in respect of 2020/21 and 2021/22.
2. A 1.99% general increase in the Council Tax for Croydon Services (a level of increase Central Government has assumed in all Councils' spending power calculation).
3. A 3.00% increase in the Adult Social Care precept (a charge Central Government has assumed all councils' will levy in its spending power calculations).
4. To note the draft GLA increase of 9.5% on the Council Tax precept for 2021/22.
5. With reference to the principles for 2021/22 determined by the Secretary of State under s.52ZC (1) of the Local Government Finance Act 1992 (as amended) confirm that in accordance with s.52ZB (1) the Council Tax and GLA precept referred to above are not excessive in terms of the most recently issued principles and as such to note that no referendum is required. This is detailed further in section 3.8 of the report.
6. The calculation of budget requirement and council tax as set out in Appendix C and D of the report including the GLA increase. This will result in a total increase of 5.83% in the overall council tax bill for Croydon.
7. The revenue budget assumptions as detailed in this report and the associated appendices.

8. The programme of revenue savings, income and growth by department for Financial Years 2021/22 to 2023/24 (as set out in Appendix A of the report).
9. The Capital Programme as set out in Section 18, table 17 and 18 of the report, except where noted for specific programmes, are subject to separate Cabinet reports.
10. To agree that in light of the impact on the Council's revenue budget no capital contractual commitment should be entered into until a review of revenue affordability has been concluded.
11. To approve that any receipts that come from the Council's company Brick by Brick will first be applied to the accrued interest and any subsequent receipts will be used to pay down the principle loan balance.
12. To note there are no proposed amendments to the Council's existing Council Tax Support Scheme for the financial year 2021/22.
13. The adoption of the Pay Policy statement at Appendix G of the report.

RESOLVED: To agree

14. The Housing Revenue Account's 2021/22 Budget as detailed within section 19 of the report.
15. A rent increase for all Council tenants for 2020/21, in line with the Government's social rent policy which has legislated to increase social rents by CPI + 1%, which is equal to 1.5%.
16. 2% increase to the service charges for caretaking, grounds maintenance and bulk refuse collection as detailed in section 12 of the report.

RESOLVED: To note

17. That in respect of the Council's public sector equalities duties where the setting of the capital, revenue and HRA budget result in new policies or policy change, the relevant service department will carry out an equality impact assessment to secure delivery of that duty including such consultation as may be required.
18. The progress being made towards balancing the Council's financial position for 2020/21 as at Quarter 3 and the current projected outturn forecast of £64.7m as set out in the Budget Monitoring report attached at Appendix H of the report.

19. The response to the provisional local government settlement which is attached at Appendix E of the report.
20. That pre-decision scrutiny of the proposed budget 2021/22 took place at the Scrutiny and Overview Committee on the 16th February 2021.
21. The statement on reserves and balances and robustness of estimates from the statutory Section 151 Officer.
22. The letter from the Minister of State to the Leader of the Council with regard to the capitalisation direction as set out in Appendix I of the report.

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Exclusion of the Press and Public

This item was not required.

The meeting ended at 3.40 pm