

MINUTES of the Meeting of the **CABINET** held on Wednesday, 22 February 2023 at 6.30pm in the Council Chamber, Town Hall, Katharine Street, Croydon CR0 1NX

Present: Executive Mayor Jason Perry (Chair);

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

Also Present: Councillors Mario Creatura (Conservative Party Whip), Callton Young OBE (Shadow Cabinet Member for Finance), Janet Campbell, Stuart King, Enid Mollyneaux, Richard Chatterjee, Rowenna Davis

PART A

20/23 Apologies for Absence

There were no apologies for absence received from Members.

21/23 Disclosure of Interests

There were no declarations of interest received from Members.

22/23 Minutes of the Previous Meeting

RESOLVED that the Part A and Part B (not for publication) minutes of the previous meeting of the Cabinet, held on 25 January 2023, be approved as correct records.

23/23 Any Urgent Business

There were no items of urgent business, however, the Executive Mayor took this opportunity to make the following announcements:

(i) Councillor Joseph Lee

Executive Mayor Perry said it gave him great pleasure to announce that Councillor Joseph Lee's wife, Charlotte, had given birth to twin boys last night – Roman and Joshua. He invited all colleagues to join with him in wishing them good health and happiness.

(ii) Anniversary of War in Ukraine

The Executive Mayor announced that, this week, marked one year since the start of the devastating war in Ukraine. He said that, on Friday, the Civic Mayor and he would raise the Ukrainian flag and hold a minute's silence to remember those who had lost their lives as a result of Putin's unjustifiable aggression in that region. In particular, the Executive Mayor wished to send his thoughts to the 698 displaced Ukrainians Croydon had hosted over the past year who he was sure would be worried about the future of their country. Executive Mayor Perry said to them, "we stand with you, we stand with Ukraine."

(iii) Additional Meeting of Cabinet – Monday 6 March 2023

The Executive Mayor asked Members to note that on Monday 6 March 2023, he would be convening an additional Cabinet meeting to agree the final Housing Repairs contract provider. This, he said, was an important decision for the Council and therefore had agreed this early Cabinet meeting to ensure the Council had as much time as possible to mobilise the new contract. The Executive Mayor said it had been really important that the Council had undertaken resident, scrutiny and colleague involvement throughout this process, and he had called this additional meeting to ensure the decision was made in the transparency of a meeting held in public.

(iv) Household Support Fund Award

Finally, the Executive Mayor welcomed the Government's decision yesterday to award Croydon a further £6m for its Household Support Fund. This new funding would, he said, help to ensure local residents were protected from the worst impacts of the cost-of-living pressures facing the country and the Council would be bringing forward proposals for its distribution in due course.

24/23

Scrutiny Stage 2

Cabinet considered a report, which invited the Executive Mayor, in Cabinet to approve the full response reports in respect of updating the Homelessness and Rough Sleeping Strategy and the distribution of the Household Support Fund Grant, arising from the Stage 1 reports that had been presented to the Cabinet meeting held on 7 December 2022, which included action plans for the implementation of agreed recommendations, or reasons for rejecting the recommendations and that these be reported to the Scrutiny and Overview Committee or relevant Sub-Committees.

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

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

25/23

Period 8 Financial Performance Report

Cabinet considered a report, which provided the Council's forecast outturn as at Month 8 (November 2022) for the General Fund (GF), Housing Revenue Account (HRA) and the Capital Programme (CP). The report also formed part of the Council's financial management process for publicly reporting financial performance monthly.

The Executive Mayor said that this report set out yet more evidence of his commitment to getting the Council's finances back on track.

Accordingly, he was happy to agree the recommendations in the report and note that despite the challenging financial position the Council faced, it remained on track to come in on balance this year.

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

1. The fact that the General Fund revenue budget outturn was forecast to be balanced at Month 8, be noted. (*Service directorates were indicating a £16.865m overspend. This was offset by £0.978m corporate underspend, £4m use of earmarked inflation reserves, £5m use of the general contingency budget and the budgeted £6.9m contribution to General Fund Balances being released.*)
2. The forecast elimination of the planned contribution to General Fund Reserves of £6.9m for 2022/23, be noted.
3. Note that a further number of risks and compensating opportunities may materialise which would see the forecast change.
4. The actions being taken through the Deficit Recovery Plan, further details of which were as detailed in paragraph 2.15 to the report, be noted.
5. The progress of the MTFs savings, as indicated within Table 4 and detailed in Appendix 3 to the report, be approved.
6. The fact that the Housing Revenue Account (HRA) was projecting an end of year position of a £4.976m overspend, due to inflation, disrepair costs and void rents, be noted.
7. The Capital Programme spend to date for the General Fund of £17.534m (against a budget of £68.160m) with a projected forecast underspend of £15.084m for the end of the year, be noted.

8. The Housing Revenue Account Capital Programme spend to date of £12.352m (against a budget of £25.165m), with a projected forecast underspend of £4.145m for the end of the year, be noted.
9. The fact that the above figures were predicated on forecasts from Month 8 to the year end and therefore could be subject to change as forecasts were made based on the best available information at this time, be noted.
10. The fact that the Council continued to operate a Spend Control Panel to ensure that tight financial control and assurance oversight were maintained, be noted. *(A new financial management culture is being implemented across the organisation through increased scrutiny, such as the monthly assurance meetings, improved communication and budget manager training from CIPFA.)*
11. The virement details, as set out in section 7 to the report, be approved.

26/23

Opening the Books – Reports from Worth Technical Accounting Solutions

Cabinet considered a report, which presented the resulting reports that arose from the commissioning of a series of reviews by Worth Technical Accounting Solutions following the Opening the Books project, which was launched by the Executive Mayor in July 2022 to improve the Council's understanding of current financial risks and to work towards a sustainable financial future.

It was reported that the reports were being shared, in full, under the Executive Mayor's openness and transparency ethos, with nothing hidden. It was further reported that the recommendations made by Worth TAS had been accepted in their entirety by the Council and were set out in the action plan in Appendix F.

It was recommended that the Council's Audit and Governance Committee be asked to (1) debate these at a future meeting, scheduled for 3 March 2023; and (2) monitor the progress of the recommendations through to completion.

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

1. The Worth Technical Accounting Solutions reports be accepted and referred on to the Audit and Governance Committee for debate; and
2. The Audit and Governance Committee be requested to monitor the implementation of the recommendations from the reports.

Revenue Budget and Council Tax Levels 2023-24

Cabinet considered a report, which stated that, on 22 November 2022, the Council's Section 151 Officer had issued a Section 114 Notice to make it clear to all Members of the Council that it faced a financial situation of an extremely serious nature with significant estimated unfunded financial deficits forecast from 2023/24 onwards.

It went on to state that alongside the S114 Notice, the Council's Medium-Term Financial Strategy (MTFS) had been published and subsequently presented to Cabinet on 30 November 2022, which set out in detail the financial projections for the Council through to 2025/26 as well as identifying there were still legacy gaps in the Council's open financial accounts going back to 2019/20, estimated at £74.6m for which government support needed to be sought.

The MTFS Update report had demonstrated significant gaps in the Council's budget each year for 2023/24, 2024/25 and 2025/26. Previously the Government had assisted the Council by granting Capitalisation Directions of £150m over the period from 2019/20 to 2023/24 of £70m, £50m, £25m and £5m, which allowed the Council to finance ongoing annual revenue spend from capital resources including borrowing, an action which went against normally accepted good financial practice. The MTFS Update report identified that the impact of the Capitalisation Direction approach was to continue to push up the Council's debt into the future. Continuing to use the Capitalisation Direction approach was one of the major reasons that the Council's fundamental financial unsustainability was continuing to grow. The report noted that the Council was facing an existential question. With the existing government model of extraordinary financial support for local councils, could the Council ever reach financial sustainability given its borrowing commitments and levels of negative equity now and in the future?

The report proposed that consideration be given to approaching the government for a new model of extraordinary financial support. It set out ten alternative solutions, which ranged in order of priority from the write-off of Croydon's debt to the reform of local government funding to fully reflect demographic demand in Croydon (all ten alternative solutions are listed in Section 1.3 to the report).

Accordingly, the Executive Mayor, in Cabinet, having considered the responses to the budget engagement with residents and businesses, as set out in Section 10 and Appendix I to the report and further considered and had due regard to the equalities impact assessment undertaken on the budget proposals, as set out in Section 15 to the report (as listed as recommendations 2.1 and 2.2 in the report), **RESOLVED** that:

1. The responses to the Scrutiny and Overview Committee recommendations (to follow) on the budget proposals, as set out in Section 20 to the report, be approved.
2. Directors be authorised to implement their service plans for 2023/24, in accordance with the recommendations within the report, the Council's Constitution, Financial Regulations and relevant Schemes of Delegation and to undertake any further consultation required regarding the Equalities Impact Assessment
3. **COUNCIL** be **RECOMMENDED** to approve an increase in the Croydon element of the 2023/24 Council Tax charge by 12.99% (Band D £203.95).
4. **COUNCIL** be **RECOMMENDED** to approve a 2% increase (Band D £31.40) in the 2023/24 Adult Social Care precept levy.
5. Based on the Mayor of London's draft consolidated budget, a 9.7% (Band D £38.55) increase regarding the Greater London Authority precept, be noted.
6. **COUNCIL** be **RECOMMENDED** to approve the calculation of budget requirement and Council Tax, as set out in Appendix G to the report and note that the inclusion of the GLA precept would result in a total increase of 13.93% (Band D £273.91) in the overall Croydon Council Tax Bill.
7. **COUNCIL** be **RECOMMENDED** to approve the setting of the Council's own total net expenditure budget for 2023/24 at £340.911m.
8. **COUNCIL** be **RECOMMENDED** to approve the detailed programme of revenue savings, income, demand pressures and legacy budget corrections, by directorate, as set out in Appendix C to the report.
9. **COUNCIL** be **RECOMMENDED** to approve the proposed £10m budget in 2023/24 to support delivery of the transformation programme.
10. **COUNCIL** be **RECOMMENDED** that the Corporate Director of Resources be authorised to collect and recover National Non-Domestic Rates and Council Tax, in accordance with the Local Government Finance Act 1988 (as amended), the Local Government Finance Act 1992.
11. The revenue budget assumptions detailed in the report and budget projections to 2025/26 made by the Corporate Director of Resources, in agreement with the Chief Executive and with the Corporate Management Team, be noted.

12. The Council's request for a capitalisation direction from the Department of Levelling Up, Housing and Communities (DLUHC) of up to £300.6m (£161.6m in 2022/23 regarding legacy finance issues and £139m regarding 2023/24 to 2025/26, annually £63m, £38m and £38m respectively), be noted.
13. The fact that all Directors would be required to report on their projected financial position compared to their revenue estimates, in accordance with the 2023/24 monthly financial performance reporting timetable, be noted.
14. The statement (section 11 of the Report) of the Corporate Director of Resources, under Section 25 of the Local Government Act 2003, regarding the adequacy of reserves and robustness of estimates, be noted.
15. The fact that the provisional Dedicated Schools Grant allocation for 2023/24 would increase by £26.310m to £427.688m (as at Section 12 to the Report), be noted.

28/23

Review of Council Tax Support Scheme – 2023/24

Cabinet considered a report, which referred to proposals to change the existing Council Tax Support Scheme (CTS) and which were considered and rejected by a meeting of the full Council on 1 February 2023.

It was reported that the reasons for not approving the proposals were due to the concerns around the cost-of-living crisis and that, at that time, it was believed that increasing the income bands by CPI would result in increased support for residents. There were also questions raised about re-introducing non-dependant deductions for disabled not working claimants.

It was further reported that the Department for Levelling Up, Housing and Communities (DLUHC) had published the Local Government Settlement, which set out the funding that the Government would provide to all Councils for the next financial year 2023/24 and that, as part of that settlement announcement, DLUHC had set the level of increase in Council Tax, which, for most Councils in the country, the cap was a 5% increase to Council Tax bills. However, the Government had given Croydon permission to increase Council Tax above the 5% cap, to a maximum of cap of 15%.

In light of the recent developments, the Executive Mayor was asking Council to reconsider proposals to change the existing CTS scheme and to seek its approval to make the changes to Croydon's Council Tax Reduction (Support) Scheme (CTS), which would take effect from 1 April 2023.

Accordingly, the Executive Mayor, in Cabinet, **RESOLVED** to **RECOMMEND** to **COUNCIL** that the following changes be made to the Council Tax Support Scheme:

1. The application of the minimum income floor to households where the claimant or partner are disabled, be removed.
2. The rate at which the income bands were increased annually from be changed from the level of CPI 10.1% to the amount Council Tax was increased for that year, which could be up to 15% cap.
3. Non-dependent deductions (NDD) to disabled not working households be introduced, except where the non-dependent was in receipt of Employment Support Allowance or Limited Capability to Work, or in receipt of carers allowance for the claimant or partner.
4. The Council's Council Tax Support Scheme be amended, as set out above, from 1 April 2023.

29/23

Fees and Charges

Cabinet considered a report, which sought approval to changes in fees and charges that were made in respect of supplies and services provided by the Council to the extent that these fell within the authority of the Executive to determine.

Accordingly, the Executive Mayor, having had due regard to the equalities impact assessment in Appendix 2 to the report, in making the decisions set out in these recommendations, **RESOLVED** that the fees and charges, as set out in Appendix 1 to the report, to the extent that they fell within the authority of the Executive to determine, be approved.

30/23

Capital Programme and Capital Strategy 2022/23 to 2026/27

Cabinet considered a report, which set out the updated capital programme for 2023/24-2026/27 for the Council's General Fund with a forecast of resources available over that period. A specific update of the 2022/23 programme, including the forecast and variance as at Period 8, was also provided.

Accordingly, the Executive Mayor, in Cabinet, **RESOLVED** to **RECOMMEND** to **COUNCIL** that:

1. The Council's 2023/24 to 2026/27 General Fund Capital Programme, which included planned expenditure of £305.67m (including capitalisation directions) across the four years, be approved.
2. The fact that the Council would incur borrowing of £169.53m (including £162m of Capitalisation Direction) in 2022/23, with

further borrowing projected of £45.82m in 2023/24 and £28.36m over the three years after 2023/24, be noted. *(The cost of this borrowing was factored into the Council's Medium Term Financial plan, which resulted in 2023-24 total interest charge and Minimum Revenue Provision of £61.3m.)*

3. The Council's 2023/24 Housing Revenue Account Capital Programme with a total investment planned of £32.62m with borrowing of nil, be approved.
4. The Council's Capital Strategy, drafted with the support of PwC, as detailed within Appendix A of the report, be approved.

31/23

Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2023/24

Cabinet considered a report, which report sought the agreement of the Executive Mayor in Cabinet to the Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2023/24.

The report set out the Council's Treasury Management objectives, which were to manage the Council's cash flows, borrowing and investments whilst minimising the level of risk exposure. It looked to maximise investment yield returns within agreed risk parameters and ensure that capital expenditure and financing plans were prudent, affordable and sustainable. The report also detailed the borrowing and investment activities that would be undertaken by the Council in the financial year 2023/24 and the two subsequent years and invited agreement to recommendations essential to the achievement of the Treasury Management objectives.

Accordingly, the Executive Mayor, in Cabinet, **RESOLVED** to **RECOMMEND** to **COUNCIL** that:

1. The Treasury Management Strategy Statement 2023/24, as set out in the report, be approved.
2. The Prudential Indicators, as set out in Appendix A to the report, be approved.
3. The Annual Minimum Revenue Provision Policy Statement (required by the Local Authorities (Capital Financing and Accounting) (England) (Amendment) Regulations 2008SI 2008/414), as set out in Appendix B to the report, be approved.

HRA Business Plan and Budget Update Report – January 2023

Cabinet considered a report, which presented the latest position for the 30-Year Business Plan for the Housing Revenue Account with consideration to both capital and revenue investments required for the management and maintenance of Croydon Council's housing stock.

The Plan contained the most up-to-date information in terms of stock investment and would form the basis for the development of a new asset management strategy, which would build upon the recent initial stock condition survey work carried out, that would be extended following the commission of extending the sample basis. It was reported that the Business Plan also demonstrated that the investment proposals were fundable, subject to the assumptions within the Plan, and that the HRA remained sustainable and viable over the 30-year period.

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

1. The HRA Budget for 2023-24, be approved.
2. The update to the HRA 30-year Business Plan, based on the HRA Budget for 2023-24, be noted.
3. The assumptions the Business Plan was based upon, and the risks associated with those assumptions, be noted.
4. The commencement of the work on a new asset management strategy and enhanced stock condition survey that would further inform the Business Plan, be noted.
5. An application to the Secretary of State for a direction permitting the funding by the HRA of Discretionary Housing Payments from an HRA Hardship Fund, be approved and that the Corporate Director of Housing be authorised to agree the terms of such a direction with DLUHC.

Information, Advice and Guidance Contract

Cabinet considered a report, which sought approval to vary and extend an existing contract that was currently in place to provide information, advice and guidance to residents within Croydon, for an additional period of up to 12 months from 1 April 2023 to 31 March 2024.

It was reported that the original contract had been awarded to Citizens' Advice Croydon, at a value of £333,000 per annum, with an original term of three years from 1 April 2020 to 31 March 2023. It was further reported that this extension was at the reduced cost of £325,000 per annum, giving a new total aggregated contract value of £1,324,000.00.

It was noted that the budget available was £325,000 and that this was 100% funded from Public Health grant.

Accordingly, the Executive Mayor, in Cabinet **RESOLVED** that an extension and variation to the existing Information, Advice and Guidance Contract, awarded to Citizens Advice Croydon, as set out within the report, in order to maintain continued provision whilst a full and compliant procurement exercise was completed, for a maximum period of up to 12 months at a cost of £325,000, be approved.

34/23

Street Lighting Policy

Cabinet considered a report, which referred to the introduction by the Council, in January 2022, of a borough wide variable light level trial as part of the 22/23 MTFS (22/23 PLA SAV 06). The report described the trial completed by the Council and summarised both the environmental and financial benefits that would be realised through energy saving annually by adopting the trial as the standard light levels for the borough.

The report also introduced, for Executive Mayor approval, a draft 'Street Lighting Policy' for application on all roads within the borough and made recommendations on the opportunity for further carbon reduction, energy savings and financial savings if additional studies were completed.

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

1. The outcome of the pilot studies, as set out in Section 4.15 to the report, be noted.
2. The introduction of the draft 'Street Lighting Policy', as summarised in Section 3 and Appendix A to the report, be approved.
3. The trial running since 06 January 2022 be formalised and the pilot regime of 50% reduction in light levels in residential streets between 7pm and 5am and 50% reduction along main traffic routes from Midnight and 5am, be adopted.
4. Officers be authorised to undertake further pilot studies within the framework of the draft Street Lighting Policy, to reduce energy consumption and CO2 emissions from the street lighting infrastructure across the borough and report back to a future meeting of the Cabinet.

35/23

Local Planning Authority Service Transformation

Cabinet considered a report, which set out the draft planning transformation programme for the Local Planning Authority (LPA) with the aim of delivering sustained improvement to performance and customer experience, whilst responding to feedback from residents and applicants and delivering the future spatial development needs of the borough.

It was reported that the (LPA) required a significant transformation programme following a period of sustained budget reductions over recent years. Also, since the May 2022 election, the Executive's Mayor had made improving the Council's planning service a priority.

It was further reported that an independent Planning Advisory Service (PAS) review had identified the need to transform the planning service and the report outlined how the service would respond to the recommendations made by the PAS review through establishing and delivering a Planning Transformation Programme, which would also deliver the priorities within the Executive Mayor's Business Plan, enable the service to adjust to proposed national planning reforms, and respond to feedback from residents and applicants.

The report advised that the Planning Advisory Service (PAS) had been invited to undertake a Development Management Process Review and a Peer Challenge and from the recommendations made and engagement with PAS, a Draft Transformation Action Plan for the Development Management workstream had been prepared, which would be finalised following engagement with the wider officer group, the development community and Residents' Associations.

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

1. The draft Planning Transformation Programme structure, including the programme's high level workstreams, future governance and next steps, be approved.
2. The Corporate Director of Sustainable Communities, Regeneration and Economic Recovery, following further consultation with the Cabinet Member for Planning and Regeneration, be authorised to prepare the Final Planning Transformation Programme.

36/23

Annual Delivering the Croydon Growth Zone Report – 2023/24

Cabinet considered the annual report, which set out proposals for the Growth Zone budget and programme for 2023/24. It reflected the Executive Mayor's Business Plan 2022 – 2026, the need to support the approach to recovery and renewal of Croydon town centre following the devastating socio-economic impact of the coronavirus pandemic, challenging macro-economic conditions and the implications for development activity. It was noted that the Growth Zone income was ring fenced by the Statutory Instrument and provided an additional funding source, which positively contributed to the Council's financial position.

The report also set out high level detail for the Growth Zone Programme of £12,261,000 for financial year 2023/24 and a further report would be submitted to Cabinet in the 23/24 financial year identifying the expenditure proposed for the financial year 2024/25 and to take account of the Government's recent disappointing announcement that the Council's

submission for Levelling Up Funding had been unsuccessful (as detailed in Paragraph 4.8 to the report).

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

1. A £12,261,000 budget for the 'Delivering the Growth Zone' programme 2023/24, be approved.
2. The indicative funding profile for Growth Zone Sub-Groups and projects, as detailed in Table 1 of the report, be noted.
3. Subject to the requirement to comply with the provisions of Part 4G of the Constitution in taking delegated decisions, and the parameters previously approved in the March 2021 Cabinet report 'Delivering the Growth Zone', the Corporate Director of Sustainable Communities, Regeneration and Economic Recovery, in consultation with the Chief Finance Officer (Section 151) and the Cabinet Member for Planning and Regeneration, be authorised to make necessary changes to the funding assigned to Sub-Groups, as outlined in Table 1 to the report.

The meeting was declared closed at 8.43pm

EXECUTIVE MAYOR