

Cabinet

Meeting of Meeting held on Monday, 7 March 2022 at 2.00 pm in Council Chamber, Town Hall, Katharine Street, CR0 1NX. To view the meeting webcast, please go to <https://newcitizen.civico.net/croydon/14946-Cabinet>

MINUTES

Present: Councillor Hamida Ali, Stuart King, Muhammad Ali, Janet Campbell, Alisa Flemming, Patricia Hay-Justice, Oliver Lewis, Manju Shahul-Hameed and Callton Young, Bernadette Khan, Leila Ben-Hassel, Patsy Cummings, Nina Degrad, David Wood and Louisa Woodley

Also Present: Councillors Jason Perry, Jeet Bains, Jason Cummings, Maria Gatland, Lynne Hale, Yvette Hopley, Ola Kolade, Scott Roche, Andy Stranack, Sean Fitzsimons, Robert Ward, Pat Clouder, Clive Fraser and Mario Creatura.

Officers: Katherine Kerswell (Chief Executive)
Richard Ennis (Officer)
Sarah Hayward (Interim Corporate Director Sustainable Communities, Regeneration & Economic Recovery)
John Jones (Interim Monitoring Officer)
Elaine Jackson (Interim Assistant Chief Executive)
Debbie Jones (Interim Corporate Director Children, Young People & Education)
Annette McPartland (Interim Corporate Director Adult Social Care & Health)
David Padfield (Interim Corporate Director Housing)
Peter Mitchell (Interim Director of Commercial Investment)
David Courcoux
Stephen Rowan

PART A

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Apologies for Absence

Cllr Hamida Ali (Chair) welcomed colleagues to the meeting and invited introductions from members of Cabinet.

There were no apoloies for absence received from Members.

The Chair took the opportunity to raise the sad situation in the Ukraine and expressed Council and community support for those affected, with Croydon Council already in receipt of vast donations to be shipped to Poland to assist the refugees.

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Disclosure of Interests

There were no disclosures of interest made by Members at the meeting.

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Urgent Business (If any)

There were no items of urgent business.

45/22
2024/25

General Fund and Housing Revenue Account Budget 2022/23-

Cllr Ali reminded colleagues of previous discussion around the capitalisation direction following the Period 9 report. Members were notified that confirmation of £25million support had now been received from the Minister of State. The Chair expressed the positive shift and extensive work of the council to be in a far more sustainable position.

Cllr Ali took the opportunity to formally welcome new Corporate Director for Resources, Jane West, and thanked colleagues, Chris Boss and Richard Ennis for their contribution to the current budget setting. Members noted challenges ahead, including the proposal for savings of £55million but were encouraged at the shift in the council's capacity to engage and meet these commitments.

Jane West was invited to introduce the report. Members received an outline of the content of the papers and made several key points, including:

- She acknowledged uncertainty at the current time due to events and funding from government and therefore preparation for any eventuality is key going forward.
- The position for councils around Adult Social Care Funding is still unclear.
- Croydon has local challenges including finalisation of 2020/21 accounts which need to be addressed.
- The budget has built in realistic markers against pressures.
- Members were being asked to agree the raise in Council Tax of 1.99% with an additional 1% for Adult Social Care, the maximum amount permissible under referendum rules.
- The budget will need to be actively managed throughout the year.
- The budget is on track for a small underspend at the end of the year.
- Reserve levels will need to be assessed every year.
- Good progress has been made but more is needed and will be achievable with this budget as a roadmap for the way ahead.

Ms West informed Cabinet that she concurred with previous officers' conclusions on the robustness of the Council's budget estimates, under Section 25 of the Local Government Act, 1993, and that the recommendations should be agreed.

Cllr King thanked Ms West for her contribution and reminded colleagues of previous budget forecasts, the purpose of the budget strategy and the work achieved in aiming to fix the council's finances and to ensure that it continues to serve its residents. Members recognised the council's commitment to improve its position and were pleased to hear about reinvestment in services now possible because of the sound management of managing its finances.

Members noted the highest amount of reserves in recent history and new earmarked reserves to protect the budget. A reduction in borrowing has also been achieved and Cllr King said that this has been done, despite cuts in funding and inflation bills.

In conclusion, Cllr King reminded colleagues that exploration and mitigation of risks are considered, He asked for clarity on the level of short-term debt and reassurance that inflation will be dealt with robustly, with the council's contractors absorbing the costs.

Ms West responded to the comments made and agreed that priorities would include management of risk, allowing a greater preparation for uncertainties. She confirmed that any contracts will require re-negotiation with respect to inflationary costs.

Members were invited to comment and said that they were concerned about the rate of interest on short-term borrowing. They felt that now would be the time to confirm longer-term lending on fixed rates.

Members heard from relevant officers, who reminded them of challenges around previous budgeting, recruitment and impacts of both the pandemic, and the war in Ukraine. They were asked to be mindful of inflation risks around Child and Adult Services.

Ms West continued to discuss priorities and conditions noted within the capitalisation direction and that focus will be on getting capital receipts in, selling assets in order to meet this. Members received an update on the current position.

The Chair asked for clarification on work underway to resolve risks under Section 114. Members were assured of confidence that the council would be able to reach a satisfactory conclusion with the auditors and that options were noted within the report, should the unlikely event occur that the amount needed to be spread over 40 years.

Members acknowledged the work involved but were concerned about the resilience of the budget now with global and regional events, and the possible impact on councils in general. Officers confirmed that they would be speaking with the Local Government Association on horizon planning and mitigating future challenges, all of which are currently unknown. Ms West referred to the Spending Control Panel and assured colleagues that conversations to determine budget positions will be regularly held and reported back to Cabinet. It was hoped that the general earmarked

reserves will help cushion eventualities, although there cannot be certainty at this time and effects will be global, not just local.

Members shared achievements delivered in the general fund, including assisting the homeless, support of individuals in temporary accommodation and allocation of over 6000 individuals on the housing register. Commissioning of a new IT system has taken place to allow for much greater efficiencies, however, there were concerns about most vulnerable residents in line with rising costs and the Housing Revenue Plan.

Colleagues heard from Cllr Sean Fitzsimons on the work of the Scrutiny Overview Committee and its consideration on the sustainability of proposals. The slight underspend of the 2021/22 budget had been welcomed and members noted that risks could be managed, provided that mitigation was in place.

Overall, members had agreed that interest rates and inflation was a concern and the Committee's had recommended a hedging strategy be set in place. Members requested that Cabinet keep the Committee informed, with early engagement on the budget setting process and scrutiny of challenges.

Cllr Fitzsimons confirmed, overall, that the Scrutiny Overview Committee supported the budget strategy and recommendations within the report and had asked for collaborative and early engagement on the budget setting progress to continue.

Colleagues acknowledged the work of the LGA and officers in helping the council demonstrate that they are meeting the needs of their residents and supporting the most vulnerable, including unaccompanied asylum-seeking children, despite the disproportional allocation to Croydon. Pressures remained for those in the care-leaving system and government colleagues need to acknowledge these.

Inflationary costs were discussed further, and members again highlighted the assumption that contractors will absorb the costs and the need for discussions and negotiation with supply chains. Colleagues asked about resident engagement and were updated on meetings with the business community and consultations run by the Communications Team to ascertain residents' opinion on the budget setting process.

As an additional point and in terms of governance, members were reminded that there is a legal requirement for transformation projects to be approved by full council. Colleagues welcomed the suggestion that reports come back to Cabinet to note what is finally approved.

Colleagues spent some time deliberating the letter from the Minister of State and its implications.

The Chair acknowledged the challenges and the work involved in committing to the budget and echoed the thanks of Cabinet members to officers.

As a result of earlier discussion, Cllr Ali suggested that she take forward the suggestion to write to the Local Government Association to ask how they are advocating for the sector to government around cost pressures as a result of global events. Members agreed.

Members agreed the recommendations.

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

That Cabinet be recommended to approve and to recommend the following to Full Council for its consideration and approval at its meeting on 7th March 2022:

1. The General Fund revenue budget for 2022/23 as set out in appendices A to D.
2. The Council's request for a capitalisation direction from the Department of Levelling Up, Housing and Communities [DLUHC] of up to £50m for 2021/22 and up to £25m for 2022/23 as set out in paragraph 9.26
3. 1.99% increase for Croydon Services in 2022/23 (in line with government's core spending power assumptions) as detailed in Section 10 and Appendix E
4. A 1.00% increase in 2022/23 for the Adult Social Care Precept (in line with government's core spending power assumptions) as detailed in Section 10 and Appendix E
5. To note the draft Greater London Authority precept on the Collection Fund and increase of 8.8% as set out in Appendix F
6. With reference to the principles for 2022/23 determined by the Secretary of State under Section 52ZC (1) of the Local Government Finance Act 1992 (as amended) confirm that in accordance with Section 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 10 of this report.
7. The calculation of budget requirement and council tax as set out in Appendix E and F including the GLA increase will result in a total increase of 4.11% in the overall council tax bill for Croydon.

8. The revenue budget assumptions as detailed in this report and the associated appendices
9. The detailed programme of revenue savings, income and growth items, by directorate, as set out in Appendix B
10. That based on the advice of the Pension Fund Actuary and the Fund's independent investment advisors (as provided to the Pension Committee), and upon the wording of the Hymans Robertson recently issued Draft Rates and Adjustments Certificate, the Council agrees not to progress plans to transfer properties to the Pension Fund (as detailed in Section 12).
11. The Council's 2022/23 HRA revenue budget as set out in Section 15
12. The amendment to the previously approved General Fund capital budget to reflect the change in requested transformation funding requests (to be financed by the use of flexible capital receipts) as detailed in section 16.
13. The list of individual transformation projects as detailed in Section 16
14. In relation to the Facility Agreement with Brick By Brick Croydon Ltd:
 - i. Approve variations to the Facility Agreement to:
 - a. change the repayment structure to allow flexibility in the way the Council can apply repayments, as explained in section 9; and
 - b. reflect the inclusion of £1.379m of outstanding liabilities post the Fairfield Halls expenditure review.
 - ii. Approve that the Section 151 Officer shall be authorised to finalise the varied terms thereof and make decisions in respect of the loan repayment application (in consultation with the Brick By Brick Shareholder Cabinet Advisory Board).
 - iii. Note that these changes shall be reported to Cabinet as part of the next Brick By Brick quarterly update in addition to briefings to the Brick By Brick Shareholder Cabinet Advisory Board
15. In exercising its functions including in making decisions on the setting of the 2022/23 budget and proposed changes, due regard is to be had to the public sector equalities duties as detailed in Section 20.
16. That in setting the Budget and Council Tax members must have regard to the Section 151 Officer's statutory report under Section 25 of the Local Government Act 2003 on the robustness of the estimates made for the purposes of the Council Tax calculations and

the adequacy of the proposed financial reserves as set out in Section 11, and in particular the risks relating to the accounting treatment of Croydon Affordable Homes and Croydon Affordable Tenures leases.

17. Consider the comments and recommendations from the budget engagement with local residents, businesses and representatives of non-domestic rate payers as set out in Appendix I
18. Note the planned contribution to reserves set out in Section 11 of this report which will be confirmed subject to the final 2021/22 outturn and reported to Cabinet as part of the Outturn report in July 2022.
19. 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.
20. The recommendations and comments of the Scrutiny and Overview Committee and the General Purposes and Audit Committee as will be communicated as draft minutes or verbally reported to this meeting.

That Cabinet note:

21. The NHS contribution to deliver social care services as set out in section 13 and request officers to continue to negotiate with the NHS for their remaining contribution to the service or bring forward alternative council led service redesign proposals to reduce costs in this service area
22. That officers shall report back in July 2022 with a further update on the NHS funding position and preparations on integrated care services.
23. That officers shall report back to the March Cabinet on the detailed fee increases in respect of General Fund as appropriate to Cabinet services, as required.
24. The ongoing work around seeking improved funding to deal with the continuing issue of unaccompanied asylum seeker children [UASC] as detailed in paragraph 9.7.
25. That a report be presented to Members in July at the latest to update on progress to resolve the accounting issues in relation to Croydon Affordable Homes and Croydon Affordable Tenures as set out in Section 13 and Appendix H.

26. To note the letter from the Minister of State to the Leader of the Council with regard to the capitalisation direction as set out in Appendix J.

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Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2022/23

The Chair invited Cllr Stuart King to speak to the item and members received a summary of the treasury management objectives of the council for the forthcoming year.

Members noted significant changes to the capital programme and by putting affordability first in the council's approach to borrowing. Further detailed work and reviews will be available, and Cllr King asked Cabinet to approve the recommendations set out within the report.

Cabinet members highlighted issues around operational boundaries and the authorized limit and referred to confusion around continued rising external debt. Officers responded to these concerns, stating that there were limits as to when these were up for renewal and the intention is to bring down borrowing in the long term, but for now, is considered affordable.

Members agreed the recommendations.

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

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

- 1.1. The Treasury Management Strategy Statement 2022/23 as set out in this report including the recommendations:
 - 1.1.1. That the Council takes up borrowing requirements as set out in paragraph 4.15.
 - 1.1.2. That for the reasons detailed in paragraph 4.21, opportunities for debt rescheduling are reviewed throughout the year by the Corporate Director Resources (Section151 Officer) and that he be given delegated authority, in consultation with the relevant member/s of the Executive carrying portfolio responsibilities which cover those currently performed by the Cabinet Member for Resources & Financial Governance and Cabinet Member for Croydon Renewal in relation to Treasury Management in conjunction with the Council's independent treasury advisers, to undertake such rescheduling only if revenue savings or additional cost avoidance can be achieved at minimal risk in line with organisational considerations and with regard to the

Housing Revenue Account (HRA) as set out in the Council's Medium Term Financial Strategy 2022/23 to 2024/25.

1.1.3. That delegated authority be given to the Corporate Director Resources (Section 151 Officer), in consultation with the relevant member/s of the Executive carrying portfolio responsibilities which cover those currently performed by the Cabinet Member for Resources & Financial Governance and Cabinet Member for Croydon Renewal in relation to Treasury Management, to make any necessary decisions to protect the Council's financial position in light of market changes or investment risk exposure.

1.2. That the Council adopts the Annual Investment Strategy as set out in paragraphs 4.23 and 4.24 of this report.

1.3. That the Authorised Limit (required by Section 3 of the Local Government Act 2003) as set out in paragraph 4.16 be as follows:

2022/23	2023/24	2024/25
£1,674.624m	£1,677.024m	£1,687.824m

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

1.5. That 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 E of this report be approved.

1.6. That the Council's authorised counterparty lending list criteria as advised within 4.24 and updated from time to time in line with Link Group recommendations, be approved.

1.7. That in the event of the Council receiving a Capitalisation Direction that requires amendments to any part of the statements, strategies or policies contained in this report that the Corporate Director Resources (Section 151 Officer) be authorized to implement those changes and to report them to the next meetings of the Executive and Council.

1.8. The Capital Strategy Statement as provided within Appendix A and further detailed within Section 3 of this Report and have regard to the Capital Programme presented within the General Fund & Housing Revenue Account Budget 2022/23 to 2024/25 report which together comprise the Council's Capital Strategy.

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Exclusion of the Press and Public

This was not required.

The meeting ended at 3:57pm