

For general release

REPORT TO:	CABINET 11th JULY 2016
AGENDA ITEM:	9
SUBJECT:	JULY FINANCIAL REVIEW
LEAD OFFICER:	RICHARD SIMPSON ASSISTANT CHIEF EXECUTIVE CORPORATE RESOURCES AND S151 OFFICER
CABINET MEMBER:	COUNCILLOR TONY NEWMAN THE LEADER COUNCILLOR SIMON HALL CABINET MEMBER FOR FINANCE AND TREASURY COUNCILLOR ALISON BUTLER DEPUTY LEADER CABINET MEMBER FOR HOMES, REGENERATION AND PLANNING
WARDS:	ALL
CORPORATE PRIORITY/POLICY CONTEXT: The review of the Financial Strategy as part of the budget setting process enables a balanced budget target to be established with a focus on an affordable level of council tax, delivery of the corporate priorities and policies of the Council and the continued enhancement of value for money and satisfaction with services for the residents of our borough.	
FINANCIAL SUMMARY: This report sets out the Council's review of its Financial Strategy for the period 2016/20 to establish the context for the Council's budget and medium term financial planning scenarios and assumptions.	

FORWARD PLAN KEY DECISION REFERENCE NO. - This is not a key decision.

1. RECOMMENDATIONS

It is recommended that Cabinet approves:

- 1.1 The carry forward of £38.551m slippage to the 2016/17 General Fund Capital programme and £9.339m to the 2016/17 HRA Capital programme as set out in Appendix 2.
- 1.2 The approach to transformation (efficiency strategy) for the financial challenge during the period of 2017/20, as set out in section 8, including the flexibility to use capital receipts to support transformation where the Assistant Chief Executive Corporate Resources (S151 Officer) in consultation with the Cabinet Member for Finance and Treasury believes this to be appropriate.

2. EXECUTIVE SUMMARY

- 2.1 The Council's budget for 2016/17 was approved by Full Council on the 29th February 2016 (Minute A21/16), as part of the annual budget setting cycle of the Council. This report provides an update of progress towards ensuring the financial challenges for 2017/20 are managed in the most effective way possible and provides an update on the:
 - i. The Council's overall financial position including the 2015/16 outturn position;
 - ii. Key financial changes which impact on Croydon's local and wider financial 'environment'; and
 - iii. The Council's readiness in delivering the 2016/17 budget and any resultant impact of this on future years.
- 2.2 Throughout the year Cabinet have been kept updated on areas of the council's budget that have been impacted on heavily and have led to significant pressures during the year. These include Adult Social Care demands, Children In Need Service, and Temporary Accommodation including Bed & Breakfast.
- 2.3 Through strong financial management and the introduction of specific measures across the council the overspend from these services listed above has been managed and the outturn for 2015/16 is an underspend

of £1.161m and is detailed in para 6.4 of this report. The specific measures included:

- A review of all agency staff and only essential vacancies being filled.
- A freeze on all permanent staff recruitment for a period during the year.
- A Think Family programme – focusing initially on the top 50 most expensive families who use multiple council services to make efficiencies through a joined up approach.
- Gateway (looking to make more of the support at the front door to prevent service users coming in later with more expensive issues) and Community Resources projects (looking at how we can make better use of community resources and the voluntary sector).
- A review of fees and charges.
- Additional governance measures put in place for Social Care placements.

2.4 In setting the 2016/17 budget growth has been built in for areas where demand and cost have increased.

2.5 The council is in a strong position as regards the medium term, 2017/20. Savings have been identified for 2017/18 and 2018/19 and the expected budget gap for those two years at this relatively early stage is under £10m. The government has provided a degree of certainty on the reductions in funding until 2020, the end of the spending review period. However this is subject to future decisions of the government based on the economic position and we deal in section 10 with the risks, notably following the EU referendum result.

2.6 A major change to Business rates is being proposed by the government which will see 100% of business rates retained locally. In London this means a split between local authorities and the GLA. This is subject to further discussion and then consultation on the exact details of how the system will operate. A report will be brought back to Cabinet in the autumn when further details should be available on how this might impact on Croydon.

2.7 This review is part of the ongoing process of implementing the Financial Strategy that will inform the setting of a balanced budget for 2017/18, taking into account the latest information and knowledge available to the Council.

3. REVIEW OF FINANCIAL STRATEGY OBJECTIVES

3.1 The Council approved a new Financial Strategy 2015/19 (the Strategy) in February 2015 as part of the budget setting process. The Strategy was prepared in the context of the cuts made to local government funding since 2010, which based on the 2015 spending review are forecast to continue until 2020.

3.2 The Strategy focuses on three areas that are considered to be essential

if the Council is to deliver services to the residents of the borough, whilst ensuring solid financial management.

3.3 The three areas within the Strategy are :-

- To maximise economic growth locally,
- To realign resources to protect front line resources as much as possible,
- To ensure the Council retain a strong financial management framework and systems.

3.4 The Financial Strategy 2015/19 also contains 9 key principles that support the annual budget setting process. The key principles and any commentary are set out in table 1 below.

Table 1: Financial Strategy Principles

	Key Principles	Position Statement	Commentary
1	Government grant reductions between 2016 and 2019 in line with overall government spending projections for local government in line with 2010–14.	A more flexible assumption is now set out in the budget 2017/20 position.	The Council has already delivered over £100m, in efficiency savings. The current budget gap (i.e. after allowing for programmes already in place) for the period 2017-18 to 2019-20 is estimated at £21m. The Council has assumed that future funding reductions will be based on the 2016/17 settlement which also gave details of the provisional settlement allocations up to and including 2019/20 based on the Spending Review
2	Local taxation increases will be kept at or below inflation.	No increase in the local element of council tax assumed. There is an assumption of a 2% increase for the new Adult Social Care Precept.	The local government finance settlement allowed local authorities to charge a 2% Social Care Precept every year from 2016/17 for 4 years. This precept was agreed by Council for Croydon in 2016/17 and has been factored into future budget planning assumptions. No further Council tax increases are assumed at this stage.
3	General Fund balances will be targeted at 5% of our budget requirement	No change	The 31 st March 2016 General Fund balance stands at £10.7m, or some 4.2% which is well above the 3% minimum considered prudent. The Financial strategy made it clear that

	Key Principles	Position Statement	Commentary
			although 5% remains a target there are no plans to actively move towards the target in cash terms over the medium term as the council's budget is expected to reduce by in the region of £21m over this period. This would see the 5% target reduce by £0.5m, making it £11.6m by the end of 2020.
4	Earmarked reserves will be set up for specific purposes beyond the general fund balance which is there to mitigate against demand risk on service budgets.	No Change	The balance of general fund earmarked reserves (excluding schools) at 31/3/16 is £32.171m. Earmarked reserves and the effective use of them to support the financial strategy and corporate plan remains a key objective. HRA reserves are £13.602m and school reserves are £7.339m.
5	Inflation will be estimated in line with sector specific forecast increases	No Change	Negotiations with providers will continue with the aim of minimising inflation increases.
6	Investment in development delivered from the Revolving Investment Fund (RIF) will be ring fenced from the capital programme		The first investment from the RIF has been made and it will continue to be used to support the delivery of our Growth Plan based on business plans coming forward for individual sites.
7	The Housing Revenue Account does not cross subsidise or vice versa the General Fund Revenue account up to the point where the HRA continues to exist	No change.	The HRA reserves at 31/3/16 are £13.602m.
8	Rents were assumed to rise at CPI + 1% in line with social rent guidance. However, this has now changed in the Housing and	From 2016/17 there will be a 1% decrease for 4 years in social housing rents.	An annual 1% rent decrease from 2016/17 followed by an assumption that rents will return to the current rent formula from 2020. There is currently uncertainty about this assumption and the impact this will have on the 30 year HRA Business plan.

	Key Principles	Position Statement	Commentary
	Planning Act.		
9	Decent Homes standards will be maintained for HRA stock	No change.	The changes proposed in the Housing and Planning Act place huge uncertainty on the long term sustainability of the HRA. Work remains ongoing on areas where we can reduce costs within the HRA. The delivery of Decent Homes for tenants remains a key priority

3.5 The July Financial Review 2016 has concluded that although the Planning Assumptions of the Financial Strategy remain robust, the financial environment remains unstable, notably given the uncertainties around

- future years government funding
- impact of welfare changes
- direct and indirect impact of government policy (such as housing and education)
- the impact of the EU Referendum
- demographic pressures
- economic growth

4 MAJOR CHANGES IN FUNDING FOR LOCAL GOVERNMENT

Local Government Funding Announcements

4.1 On 17 December 2015, the provisional local government finance settlement 2016/17 was published. This four year settlement provided provisional figures for 2016/17 and indicative figures to 2019/20, with the final settlement announced on the 8 February 2016.

4.2 The settlement is the only time over the course of the current Parliament that a multi-year settlement will be offered, and the offer covers the figures provided in the final local government finance settlement published on 9 February for:

- Revenue Support Grant;
- Transitional Grant; and
- Rural Services Delivery Grant

4.3 In addition, protection will be provided that ensures tariffs and top ups for 2017/18 to 2019/20 will not be altered for reasons related to any changes in the relative needs of local authorities.

4.4 However, there will not be protection from extra responsibilities and functions that might need to be accepted by local government as part of

the move to 100% business rates retention, future transfer of functions to or between local authorities, or the impact of mergers; and any other unforeseen events.

- 4.5 The Secretary of State announced that he would give councils until Friday 14 October 2016 to respond to the offer of a four year settlement; but no other information on how the four year offer would work were provided within the details of the final settlement. The proposal is that we accept the four year settlement in order to avoid further uncertainty and risk of further reductions in funding.

Business Rates Changes

- 4.6 In October 2015 the Government announced that by the end of this Parliament local authorities will be able to keep 100% of the business rates they raise locally. Currently 50% is retained locally. There is also a system of top ups and tariffs which act as a way of equalising resources between authorities based on assessed need. It is also proposed that there is a full review of the needs formula and that this should be in place by 2020.

- 4.7 A technical steering group and a number of sub-groups have been established to provide information and expert advice to support the LGA and DCLG in advising Ministers on the setting up and implementation of this new system. Four technical groups have been established as follows :-

- Needs and distribution: looking at how the system will be implemented and work.
- New responsibilities: focusing on getting the principles/criteria right for 'testing' new responsibilities.
- Systems Design: reviewing the model.
- Accounting and Accountabilities – looking at the accounting treatment under the new system.

- 4.8 It is expected that there will be a first consultation on some of the principles of the new system later this year. London Councils are also actively looking at how a regional system in London might work. The government have suggested London may be able to pilot further business rates devolution within the next 12 months. Cabinet will be updated in the autumn as further information on these changes becomes available.

Council Tax

- 4.9 Council tax remains a key source of income for the authority. The Council Tax referendum limit remains at 2%. However, local authorities with

social care responsibilities are able to levy up to 2% per annum to 2019/20 in relation to the Social Care Precept. This is an acknowledgement by government that local authorities are seeing an increase in costs for adult social care and they need a way to fund these costs. All government forecasts for councils' spending power assume this is levied in full by councils with social care responsibilities. The assumption in our financial planning forecasts is that the council will agree to a 2% increase for social care for the period until 2020. This is therefore taking advantage of this new flexibility.

New Homes Bonus

4.10 New Homes Bonus remains a key source of funding. The table below shows the forecast level of resources received by Croydon from the scheme, if the scheme was to remain unaltered and Croydon's future allocations were consistent with previous years.

Table 2 Forecast New Homes Bonus Funding allocations

	2016/17	2017/18	2018/19
	£m	£m	£m
2011/12 actual allocation	2.202		
2012/13 actual allocation	2.023		
2013/14 actual allocation	1.215	1.215	
2014/15 actual allocation	2.872	2.872	
2015/16 actual allocation	1.338	1.338	1.338
2016/17 initial allocation	2.101	2.101	2.101
2017/18 forecast allocation		2.100	2.100
2018/19 forecast allocation			1.800
Gross Retained New Homes Bonus (£m)	11.751	9.626	7.339
Less Scaling		0.000	-0.900
Plus NHB returned funding		1.200	0.000
Equals Net Retained New Homes Bonus (£m)	11.751	10.826	6.439

Public Health Grant

4.11 There was a consultation during 2015 on a formula for how Public Health funds are allocated between authorities. This has not been adopted to determine grant allocations for 2016/17. There has been a flat rate

reduction of 2.2% in 2016/17 (against final adjusted baselines for 2015/16) with a further reduction of 2.5% in 2017/18. It has also been confirmed that there will be a cash reduction of 9.6% over the period to 2019/20; this would require that in 2018/19 and 2019/20 there would need to be further reductions at an average of approximately 2.65% per annum. The 2016/17 Public Health grant is £22.466m which is expected to reduce by a further £1.7m by 2019/20.

Dedicated School Grant

- 4.12 The Dedicated Schools Grant (DSG) is a grant that funds all aspects of education that relates directly to children. This is split into 3 blocks, a schools block, a High Needs block and an Early Years block.
- 4.13 The DSG allocation for Croydon for 2016/17 is £312.58m (£309.2m 2015/16). The DSG is reduced by recoupment for academy funding. This is currently estimated to be £126m but will be subject to change throughout the year as schools convert to academies. The increase in 2016/17 is mainly due to an increase in pupil numbers.
- 4.14 The Department for Education (DfE) are currently mid-way through consulting on the changes that they are proposing to make to the way education is funded through the implementation of the National Funding Formula.
- 4.15 The changes that they are proposing to come into force from 2017/18 can be summarised as follows:
- The proposal is to move from 3 blocks (Schools, High Needs and Early Years) to 4 blocks (schools, LA Central, High Needs and Early Years) and to combine the ESG funding that is currently part of Formula Grant into DSG as part of the Central block.
 - The schools block would be ring-fenced. Currently we are able to transfer between blocks; in the future we would only be able to transfer between LA controlled blocks (Central, High Needs and Early Years). The flexibility that currently exists has been used to enable funding of our high level of High Needs pupils.

Education Services Grant

- 4.16 From 2013/14 LACSEG (Local Authority Central Spend Equivalent Grant) was been replaced by the Education services grant (ESG), as by delegating the maximum amount of the schools block straight to maintained schools and academies there was no longer the need for LACSEG. The Education Services Grant is based on a national per pupil rate and is paid to Local Authorities to be used to fund its statutory duties over both schools and pupils. The 2016/17 national rates show a reduction of 14.6% over the 2015/16 rates, following an overall increase in national pupil numbers, as shown in table 3 below;-

Table 3: ESG national rates and Croydon's Grant

ESG Element per pupil	2016/17 per pupil Rate £	2016/17 Grant £'m
General Funding Rate for mainstream schools	77.00	1.939
General Funding Rate for special schools	327.25	0.263
General Funding Rate for PRUs	288.75	0.145
Retained Duties Funding Rate*	15.00	0.855
	Total	3.202

* This includes funding for the statutory duties that the local authority has retained for those pupils in academies

- 4.17 This grant has been established by transferring back to government money from the local government formula funding schools block who then reimburses local authorities and academies on a per pupil basis.
- 4.18 The ESG allocation into the Formula Grant will cease in 2017/18. As part of the implementation of the National Funding Formula it will instead form part of the Central Block of the DSG. It will also reduce to £15 per pupil.

UASC – UNACCOMPANIED ASYLUM SEEKING CHILDREN

- 4.19 Croydon for a number of years has faced local pressure as a result of an inadequate grant for UASC which has led to costs being picked up as a result of a location. We face pressures on a scale only Kent can match.
- 4.20 We currently receive a weekly rate of £137.50 for under 16 year old UASC's and £114 of over 16 year old UASC's from the Home Office. After prolonged negotiations and discussions during 2015/16 our rate has remained at this enhanced rate in 2016/17. It should be noted that, in the council's view, and as detailed previously, even this level of funding does not cover all the costs, direct and indirect, associated with UASC's.
- 4.21 There remains uncertainty over the long term funding in this area which creates a risk. The Home Office are working on a scheme of voluntary transfer with the intention of locating UASC over a wider area so there is not the concentration and resulting high costs in certain areas of the country. Croydon are supportive of this policy and work is being undertaken to aid ongoing discussions with the Home Office on the level of funding that Croydon should receive particularly in this period of transition. However, there remains a risk that this is not sufficient and will actually add to the burden already borne by the council in this regard.

5. PRESSURES IMPACTING THE 2017/20 BUDGET

- 5.1 £5m of growth per annum has been included in our financial strategy to reflect growth needed particularly in areas of the council's budget which is driven by demand for our services. This is also a reflection of some major changes some of which have been covered in the funding section which may have an impact of the budget for the council.

Welfare

5.2 Universal Credit (UC) - Emergency and Temporary Accommodation

Customers of the council's temporary accommodation have previously claimed housing benefit from the council for their housing costs and this has been paid direct to their housing rent account, 2 weeks in advance. With the introduction of UC, this ceases and housing costs are claimed from DWP with payment being made to the resident, 4 weeks in arrears. We have 207 customers now that have triggered for UC in TA with total arrears of £211,084

5.3 Universal Credit- Decrease in Work allowances

Working households claiming universal credit currently have a work allowance of £222 per month for a couple with children and £263 for a single parent. The allowances have fallen to £192 from April 2016, lowering the threshold at which the benefit is withdrawn.

5.4 Further Benefit Cap

The £26,000 cap on the amount of benefit that a household can receive has been reduced to £23,000 in London, though claimants in work will continue to be exempt from the cap. In Croydon 305 households are already capped, and face a further income reduction of £58.31 per week, with 215 facing a significant risk of eviction. 90 of these will require a move to homes outside London and the South East; the remainder will need other interventions to prevent homelessness. 653 households with over 1750 children in Croydon will be affected by the cap for the first time.

5.5 Freeze in Benefit rates and Local Housing Allowance rates

Working age benefits (including tax credits and local housing allowances) will be frozen for four years from 2016/17 to 2019/20-Support through Child Tax Credit will be limited to two children for children born from April 2017.

5.6 Housing Benefit overpayments

Any overpayment of HB the council can deduct from on-going entitlement. Once a resident claims UC, this deduction ceases and the council must collect the debt.

The current amount of HB overpayment outstanding to the council is £14m; £3m per year is currently recovered directly from on-going entitlement to HB. Based on the current cash collection rate for overpayment of housing benefit of 20%, the council would lose £2.4m per year.

Backdating of housing benefit - Reduced from 6 months to 1 month. From the 1 April 2016 this will be limited to a single month. Last year over 10,000 customers were supported in this way.

Planned changes for 2017 and beyond

5.7 Employment and Support Allowance

From April 2017, new claimants of Employment and Support Allowance (ESA) who are placed in the Work-Related Activity Group will receive the same rate as those claiming Jobseeker's Allowance, alongside additional support to help them take steps back to work.

5.8 Youth obligation for 18 to 21's

From April 2017, jobless 18 to 21's will have to participate in intensive support and after 6 months apply for an apprenticeship or traineeship, gain work-based skills, or go on a work placement. Automatic entitlement to housing benefit for that age group will be abolished. In Croydon 650 single claimants of housing benefit are age 18-21, of which 147 are care leavers and may be exempt from this measure.

Reduced housing costs for single customers – under current housing benefit regulations, single people over 25 receive a maximum of £152 per week. From April 2017 under universal credit their maximum housing support is limited at £82 per week.

5.9 Capped child premium

Under means assessed benefits a premium is awarded for every child within a household/household. From April 2017 all new applicants under universal credit will have their assessments limited to 2 children.

Demand/Population/Demographics

5.10 The Office for National Statistics (ONS) projected a 2011 population for Croydon of 350,100 people, compared to a 2011 Census population of 363,400. This equates to a total under-estimation of 13,300 people (3.8%). This compares to an underestimate across London of 1.3% and nationally of 0.7%, with Croydon therefore being disadvantaged by a factor of over 5 times, compared to the average national position.

5.11 Based on an estimate that each person is 'worth' approximately £1,025 in local government funding terms, prior to 2013/14 (when the 2011 Census figures were introduced), an under-enumerated population of 13,300 people would be equivalent to £13.6m in lost funding per annum

for the Council alone.

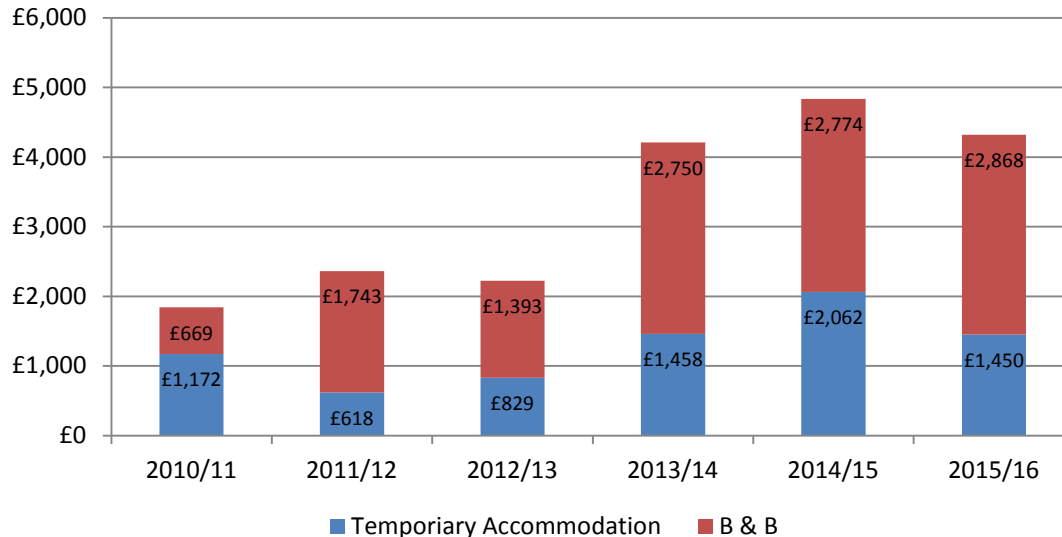
- 5.12 If the distribution of funding was 'rebalanced' to account for different rates of population growth, it is estimated that Croydon Council's funding levels would increase by a total of £2.2m between 2014/15 and 2020/21 (and would rise by a further £0.8m per year by 2020/21). The decision to freeze the funding distribution from 2014/15 has therefore penalised Croydon, relative to authorities other parts of England, by some £17m per annum by 2020/21.
- 5.13 Croydon has the largest population of 0-16 year olds in London (at 84,027 residents) which makes up 23.1% of the population. Life expectancy is increasing with expectancy for men and women now at 79.6 and 83.3 years with consequences for social care.
- 5.14 The most recent estimates for the resident population in Croydon (all ages) is the ONS mid-2014 estimate. This put the population at 376,040. The same ONS estimates suggest the 0-16 population was 87,339 (23.2% of the total population).
- 5.15 If there is a demographic shift as part of the population growth this could also put an additional strain on a number of service budgets.

Homelessness

- 5.16 In Croydon, the number of households approaching the Council for assistance with homelessness increased from 1680 in 2009/10 to 2520 in 2015/16. The number of households accepted as homeless increased over the same period from 425 households to 637, and the number living in temporary accommodation increased from 1267 to 3137. The spend relating to this is shown in graph 1 below.
- 5.17 It is likely that (in the immediate short term at least) that the number of households presenting as homeless, the number of households accepted as homeless and the Council's use of temporary accommodation will continue to increase. Structural economic and housing market factors support this conclusion. While the economy is expected to continue to grow, which is positive for employment and homelessness; there are concerns that access to market housing will be affected by the rate at which household incomes are likely to rise in comparison to house prices and private rents. Affordability is an increasingly significant issue for households in Croydon, despite the fact that house prices and private sector rents are lower than London overall. Competition for market rented housing is pushing up rents, and local landlords are reluctant to let their homes to people on benefits - the most common reason for homelessness is now the loss of a private rented tenancy. This is exacerbated by the Government's decision to freeze the Local Housing Allowance (LHA), even though the council had previously demonstrated to Government that Croydon had the biggest

mismatch between LHA and actual rent levels of any English local authority.

Graph 1:- Net expenditure on temporary accommodation 2010/11 to 2015/16



Apprentice Levy

- 5.18 In April 2017 the way the government funds apprenticeships in England is changing. Some employers will be required to contribute to a new apprenticeship levy, and there will be changes to the funding for apprenticeship training for all employers.
- 5.19 You will need to pay the apprenticeship levy if you are an employer, in any sector, with a pay bill of more than £3 million each year. For the purposes of the levy, an ‘employer’ is someone who is a secondary contributor, with liability to pay Class 1 secondary National Insurance Contributions (NICs) for their employees.
- 5.20 The levy will be charged at a rate of 0.5% of your annual pay bill. You will have a levy allowance of £15,000 per year to offset against the levy you must pay and this will need to be paid to HM Revenue and Customs (HMRC) through the Pay as You Earn (PAYE) process.
- 5.21 The cost of this for the Council based on our current pay bill would equate to £0.640m.

Business Rates

- 5.22 The Council currently receives a 30% share of Business Rates income collected within Croydon. At the end of 2015/16, there was an overall deficit in the collection fund in relation to Business Rates, as the borough experienced a high volume of appeals to the VOA by

businesses seeking to reduce their business rates charges. An early review of 2016/17 indicates that appeals will continue to be submitted by businesses, but will not have the impact that they had in 2015/16, as all appeals underway have now been provided for.

- 5.23 Also important to factor in is the proposed redevelopment of the Whitgift Centre, due to commence in January 2017. During the period of redevelopment, the centre will not be liable for Business Rates, which will result in a temporary reduction in available business rate receipts within the Borough for the duration of the re-development. Croydon Council will experience a 30% share of this reduction, but will receive the subsequent gains in rateable value once the development is complete.

6. The Outturn for 2015/16

- 6.1 In summary 2015/16 was the fifth successive challenging financial year in the Government's Deficit Reduction Programme and the prevailing economic climate of low growth. The magnitude of government grant cuts resulting again in a high level of savings needing to be achieved to balance the budget. This was exacerbated by in-year cuts to various funding streams, as well as other government decisions (eg. welfare benefits and housing) which increased demand. The Council's financial management and controls had identified potential pressures totalling £3.163m early in the year, and a series of actions were identified and agreed in the Autumn Financial Statement to manage this challenge.
- 6.2 The measures detailed in the executive summary para 2.3 have played an important part in controlling the Council's expenditure during 2015/16, resulting in a final outturn position of £1.161m underspent, some £4.3m lower than the initial Quarter 1 projected over-spend. General Fund balances remain at £10.677m and have not changed during 2015/16.
- 6.3 The target set out in the Financial Strategy is to hold General Fund balances of 5% of the council's net budget requirement. For 2016/17 this equals £13m. The Financial strategy made clear that although 5% remains a target there are no plans to actively move towards the target in cash terms over the medium term as the council's budget is expected to reduce by in the region of £26m over this period. This would see the 5% target reduce by £0.5m, making it £11.6 m by the end of 2020.
- 6.4 The Council's under spend in 2015/16 of £1.161m was made up of Departmental over spends of £8.527m offset by non-departmental underspends of £9.688m. Details are provided in Table 4 below.
- 6.5 The Council's earmarked reserves have increased by £2.587m to £32.171m. Whilst a number of targeted funding streams have continued to be drawn out of reserves in 2015/16 to support delivery, £7m of

funding for Croydon's proposed Growth Zone has been added, and will be used to fund early life costs of this project.

- 6.6 Locally Managed Schools' revenue reserves have decreased by £2.361m to £7.339m, which continues to reflect the conversion of maintained schools to academy status.
- 6.7 The Council's General Fund Provisions have increased slightly from £33.513m to £36.365m as at 31st March 2016.
- 6.8 The Collection Fund has carried forward a £13.141m surplus in relation to Council Tax and a deficit of £26.884m in relation to NNDR, making a total deficit in the collection fund of £13.743m as at 31st March 2016. This will be chargeable to all precepting organisations, and Croydon's share of this deficit is a credit of £2.407m.
- 6.9 The Council's Pension Fund increased in value in 2015/16 by £16.6m (1.9%) to a value of £875m.

Table 4 Revenue Outturn Summary for 2015/16

Quarter 3 forecast outturn variance £'000	Department	Revised Budget £'000	Outturn 2015/16 £'000	Variation from Revised Budget	
				£'000	%
11,881	People	227,560	237,265	9,705	4.3%
(261)	Place	74,609	74,394	(215)	(0.3%)
(1,230)	Resources	36,281	35,318	(963)	(2.7%)
10,390	Departmental total	338,450	346,977	8,527	2.5%
(9,788)	Non- Departmental Items	(338,450)	(348,138)	(9,688)	(2.9%)
0	Net Expenditure	0	(1,161)	(1,161)	
602	Total transfer to / (from) balances	0	0	1,161	

7 THE BUDGET FOR 2016/17

7.1 The 2016/17 budget was approved by Council on the 29th February 2016. This budget contained a number of growth and savings items.

7.2 Table 5 below gives a summary of the savings required for 2016/17 and a large element of these continue to be underpinned by the transformational programme Croydon Challenge, the new managing demand programme and other ongoing departmental efficiency programmes.

Table 5 – Summary of Savings Options by Department

Department	2016/17 £m	2017/18 £m	2018/19 £m	2016/19 Total £m
People	(5.191)	(8.269)	(0.906)	(14.366)
Place	(4.657)	(0.149)	(4.500)	(9.306)
Resources	(6.428)	(4.034)	(0.250)	(10.712)
TOTAL	(16.276)	(12.452)	(5.656)	(34.384)

7.3 During 2015/16 it was recognised that we needed to do more to reduce costs and balance future works and so began an ambitious programme to review and manage demand across a wide range of services including adult social care, children's social care, waste management and other environmental services.

2016/17 Further Pressures identified

7.4 Pressures have been identified from an early review of key demand areas in 2016/17 and these are being carefully monitored and work streams and further initiatives are underway to review these pressures and work to improve them. The main elements are :

- Adult social care – increased costs due to population increase in the borough, alongside an increase in the number of complex cases. A review is underway as part of the Transformation of Adult Social Care Programme (TRASC).
- Children's Social care - Additional demand pressure caused by new high cost placements during the year. Actions in place at the moment are the use of foster care placements, early intervention/prevention and the troubled families programme.
- Temporary Accommodation – Increasing demand notably as a result of changes to the welfare system, though it is anticipated that

savings from the new Gateway programmes will help to alleviate this.

- 7.5 Early indications are that these cost pressures could be in the region of £5m in 2016/17. These pressures will be offset by non departmental items including S31 business rates reliefs, unbudgeted core grants and contingency. More details will be provided as part of the report to Cabinet in September 2016 for the Quarter 1 financial monitoring.

8 BUDGET 2017/20

- 8.1 Table 6 below sets out the current forecasts in relation to the budget gap for 2017/20. The budget gap for 2017/18 is £4.4m. This is the gap including the identification of efficiencies and includes ongoing investment commitments that had been identified by departments during the previous budget setting process. Appendix 1 gives details of the savings identified to date as presented at the time of the 2016/17 budget and approved by Council.

- 8.2 The assumptions that are built into this gap include the following:

- 8.3 £2.6m has been built in as a requirement for future years inflation. This is based on the following assumptions:

- **Pay** - Future years pay awards have been assumed to be 1% in line with the estimates for 2016/17.
- **Contracts** - Estimates for future years have been based on a 2% increase. A large element of the council spend is through third party providers. Longer term contracts have in-built indices to calculate annual changes whilst other contracts can be negotiated on an annual basis.
- **Income** – It has been assumed that where the council has discretion over the level of fees and charges these will increase by RPI. During 2016/17 and in line with the budget setting deadlines a detailed review of fees and charges is going to be undertaken to identify further potential income sources.

- 8.4 Budgetary pressures are continuing to be faced from demand led areas in the main. £5m of growth has been built into the assumptions to be required over the next few years per annum. The main areas where pressures are arising are within the people department, notably in relation to vulnerable adults and an increased number of children with disabilities.

- 8.5 A reduction in grant funding of £30.2m based on the four year settlement announced earlier this year

8.6 The gap of £20.9m over the period 2017/20 is challenging. Section 5 of this report set out some of the significant challenges faced by the council over this period. The increasing reduction of grant income alongside increasing demands on expenditure means significant cost reductions will continue to have to be made. The shift in focus on local government funding means there is much greater direct benefit to the councils funding from economic growth through New Homes Bonus, Business rates. The council's regeneration plans over the medium term will provide huge opportunity for this to have a significant impact in this regard although possible not until after 2018.

Table 6 Budget Gap 2017/20

	2017/18 £m	2018/19 £m	2019/20 £m	2017/20 £m
Cut in Grant	14.40	8.70	7.10	30.20
Inflation	2.60	2.60	2.60	7.80
Debt Charges	-	-	1.50	1.50
Demand/Demographic Pressure	5.00	5.00	5.00	15.00
Gross Budget Gap	22.00	16.30	16.20	54.50
Council tax (assumed 2% social precept in 2017-20)	-2.70	-2.70	-2.70	-8.10
Council Tax Base - expected increases	-2.50	-2.50	-2.50	-7.50
Savings Options proposed	-12.40	-5.60	-	-17.70
Net Budget Gap	4.40	5.50	11.00	20.90

8.7 It is clear from the remaining gaps over this period that Croydon will need to continue to drive out efficiencies and will need to continue to deliver savings over this period. This will include real innovative and joined up working in the People Department, with a focus on prevention and working with families. It is also clear that there may well need to be some tough choices made on services we can no longer afford. The principle will be one of fairness and the outcomes from the fairness and opportunity commission will also be key in determining how we allocate our reducing resources.

Key Projects to Close the Gap

8.8 To date significant progress has been made on the Croydon Challenge, and examples of these projects are;-

- **Digital by Design and Enabling Core** – This project is continuing to develop and apply digital solutions that help reduce the cost and streamline processes. The council will further simplify, standardise and share in order to provide a more agile and effective support function. The programme has already

delivered over £2m in savings and is expected to deliver over £5m by 2018.

- **Asset Management/Rationalisation** - The Cabinet on 17 November 2014 agreed the Asset Strategy to support the delivery of the Growth Promise and to support the delivery of the Financial Strategy (Min.A104/14). As part of this strategy the Council has recently leased office space in Bernard Weatherill House. The lease has been signed with leading design and consultancy firm Arcadis who will be renting the top two floors bringing 250 staff to the borough. The Arcadis Croydon office is due to be open and fully operational in the summer.

This lease will potentially save up to £7.5m over the next 10 years.

A one year lease has been concluded for the 9th and 10th floors of Bernard Weatherill House and there are many other property transactions being pursued.

- **Managing Demand** - Over the last two years we have been improving the services we provide for our customers in Croydon whilst delivering substantial savings through the Croydon Challenge, for example, bringing together our on-street enforcement functions, making better use of new technology, creating the People department and developing our Gateway service. Demand for our services still outweighs the reduced available resources though. A growing borough population, demographic changes in that population, local government spending cuts and changes to welfare reform are just a few of the factors that are contributing to this. The Managing Demand programme through 2016/17 will implement behavioural change approaches across our residents, staff and partners to improve outcomes whilst reducing the financial cost of such services.

Initially we have delivered a number of “pioneer” projects to test, deliver and prove the value of the techniques which can then be embedded into the culture of the organisation and our community. These have been in areas such as council tax, fly tipping, public health and adult social care referrals, with positive results.

Currently our focus is on addressing the key pressures facing the Council to identify opportunity areas which face the biggest challenge and have the greatest impact. In each of these Strategic Opportunity areas we are starting to identify innovative ideas to change the way we deliver services.

Over the summer we will be developing business cases for these

for inclusion in the council's next budget.

- **Outcomes Based Commissioning** - is a joint project with Croydon CCG to commission the provision of both health and social services for over 65s in Croydon. The contract be delivered through an Accountable Provider Alliance (APA) and is envisaged to take effect from October 2016, it has a capitated payment mechanism which is incentivised on the delivery of outcomes for the population. The APA will be expected to work with a wide network of other organisations to develop and deliver innovative health and social care for local people. The new models of care will be designed around the needs of the service user to deliver the agreed outcomes. This will required greater co-operation and integration between, and within, health and social care.

A 10 year financial model has been devised with input from Croydon CCG and Croydon Council. This reflects, on the council's side, expected savings of £454k in 16/17, £819k in 17/18 and 5% per annum thereafter. In addition to the growth allocated for 16/17 both demographic and non-demographic growth has been included from 17/18 onwards.

Capital Receipts Flexibility

- 8.9 The spending review 2015 allows flexibility for local authorities to use capital receipts from the sale of non-housing assets to fund revenue costs of service for reform and transformation type projects. The government issued final guidance on the 11 March 2016 stating that Individual authorities are best placed to make decisions on using this flexibility.
- 8.10 This new flexibility is being reviewed and the Council will be taking advantage of this. This flexibility offered will form part of future revenue and capital budget decisions.

9 CAPITAL PROGRAMME INVESTMENTS AND SLIPPAGE

- 9.1 Slippage on capital spending from the 2015/16 financial outturn has been reviewed and it is recommended that the slippage on the General fund schemes set out in Appendix 2, totalling **£38.551m**, is approved to be carried forward to 2016/17.

Some of the larger schemes that have slipped into 2016/17 from 2015/16 are detailed below:

- Educations Estates Programme - due to programming delays, technical delays, planning issues and dispute with a main contractor responsible for a few major scheme schools.

Appointment of new contract partners under way to ensure school programme is delivered on time.

- Public Realm – Delays with contractors and timing of projects has led to in year underspends.
- ICT – delays in the overall programme as projects are very much linked in to the ICT transformation agenda.

9.2 The HRA is also requesting approval for slippage from 2015/16 of **£9.339m**.

9.3 The details of the slippage are detailed in appendix 2.

9.4 The Capital Programme will be reviewed and reprofiled where appropriate and brought back to cabinet as part of the quarter 1 monitoring report in September.

10. BREXIT IMPACT AND RISKS

10.1 The outcome of the EU referendum vote has created a significant amount of uncertainty and risk for all organisations. There is a report elsewhere on the agenda that sets out the key issues for the Council. In terms of our financial planning the following issues are key:

- It is clear that the funding for local government is inexorably linked to the strength of the British economy and therefore any relatively small adjustments in future growth forecasts could mean further cuts to local government funding. Other government decisions, e.g. on welfare benefits, could also place greater pressure on services.
- There may be some specific challenges linked to business rates which as the new model of funding for local government will be very sensitive to any economic downturn.
- The strategy for local growth is linked clearly to housing and development and the benefits in terms of homes and jobs that can bring to residents and the council. Early signs are that the key developments in Croydon are progressing and this is set out in more detail in the separate report.
- There will need to be a major exercise in considering the implications of EU directives that currently apply in the UK public sector on issues as diverse as external audit and energy efficiency targets.

11. SUMMARY AND CONCLUSIONS

- 11.1 As all Members are aware, setting a budget for 2017/20 that is robust, balanced and deliverable is challenging, and will involve a number of difficult decisions in these challenging times.

12. FINANCIAL CONSIDERATIONS

- 12.1 This report deals with the Financial Strategy assumptions in planning a balanced budget over the medium term.

(Approved by Richard Simpson, Assistant Chief Executive Corporate Resources and S151 Officer)

13. COMMENTS OF THE SOLICITOR TO THE COUNCIL

- 13.1 The Solicitor to the Council comments that the information in this report supports the Council's statutory duty to set a balanced budget.

(Approved by Jacqueline Harris-Baker on behalf of on behalf of the Council Solicitor and Monitoring Officer.)

14. HUMAN RESOURCES IMPACT

- 14.1 There are no direct Human Resources implications arising from this report. However, the action plans and transformation programmes included in this report, or those that need to be developed in response to the financial challenges faced by the Council, are likely to have HR implications. Where that is the case, the Council's existing policies and procedures must be observed and HR advice must be sought.

(Approved by: Debbie Calliste on behalf of Approved by: Heather Daley, Director of Human Resources)

15. EQUALITIES IMPACT

- 15.1 There are no specific issues arising from this report.

16. ENVIRONMENTAL IMPACT

- 16.1 There are no specific issues arising from this report.

17. CRIME AND DISORDER REDUCTION IMPACT

- 17.1 There are no specific issues arising from this report.

18. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 18.1 These are detailed within the report.

19. OPTIONS CONSIDERED AND REJECTED

19.1 The options considered are detailed in the report. The only option rejected was the one of do nothing as this is not viable.

Report Author: Richard Simpson, Assistant Chief Executive Corporate Resources and S151 Officer

Contact Person: Richard Simpson, Assistant Chief Executive Corporate Resources and S151 Officer

Background docs: Financial Strategy 2015/19

appendix K of appendix 2 to item 7 Council meeting 23/02/15

<https://secure.croydon.gov.uk/akscroydon/users/public/admin/kabatt.pl?cmte=COU&meet=27&href=/akscroydon/images/att5016.pdf>

APPENDIX 1 TOTAL SAVINGS OPTIONS

Department	Division	Service	Options	RAG Status	FTE	17/18 £m	18/19 £m	2019/20 £m
PEOPLE	Children & Family Early intervention and Children's Social Care	Inclusion Learning Access & SEN	SEN Transport - Contract Renegotiations	G	0.0	(1.583)	(0.256)	0.000
PEOPLE	Adult Care	Assessment & Case Management	Recovery of monies from NHS. This includes, but is not limited to , intensive domiciliary care packages that may be deemed health rather than social care, robust application of NHS continuing healthcare and jointly funded cases, and access to winter resilience funding.	A	0.0	(0.750)	(0.500)	0.000
PEOPLE	Universal People Services	Libraries, Culture and Adult Learning	Improve Library services through partnership development/community management	A	0.0	(0.500)	0.000	0.000
PEOPLE	Integrated Commissioning / Adult Care Services	Commissioning Older People & Long Term Conditions	Community Resources	A	0.0	(0.475)	0.000	0.000
PEOPLE	Children & Family Early intervention and Children's Social Care	EISS	Youth Service and Early Help Service restructure	A	TBC	(0.450)	0.000	0.000
PEOPLE	Children & Family Early intervention and Children's Social Care	Looked After Children	Looked After Children - LAC - Implement a review of whether we are looking after the right children and reduce the number of LAC. - Further increase the number of in house foster carers for example by strengthening the model of recruitment and assessment of foster carers. - Continue to drive down costs and rates of placements with Independent Fostering Agencies. - Legal Costs associated with LAC - generate savings through efficiencies	A	0.0	(0.382)	0.000	0.000
PEOPLE	Adult Care	Assessment & Case Management	Needs and Asset Assessment redesign to meet Care Act requirements - This is a project to manage demand through a restructure of ASC operations plus to change the culture of our practice so we offer more choice and control through personal budgets	A	0.0	(0.380)	0.000	0.000
PEOPLE	Integrated Commissioning / Adult Care Services	Adult Social Care - Mental Health	Mental Health Service - Outcome Based Commissioning 5% saving. -Population based capitation method of contracting for health and social care services for adults experiencing mental ill-health .	A	0.0	(0.350)	0.000	0.000
PEOPLE	Children & Family Early intervention and Children's Social Care	Children In Need Service	CIN - Demand management. Proposed	A	0.0	(0.345)	0.000	0.000
PEOPLE	Adult Care	Assessment & Case Management	Learning Disability Supported Living. Systematic review of all clients supported in 24hr placements - 1.7 FTE social workers employed who are systematically reviewing and moving when necessary, high cost placements	G	0.0	(0.327)	0.000	0.000
PEOPLE	Gateway and Welfare Services	Welfare and Benefits Services	Reducing the cost of homelessness through increased prevention and intervention.	A	0.0	(0.300)	0.000	0.000
PEOPLE	Integrated Commissioning / Adult Care Services	Assessment & Case Management	Introduction of Preferred Partner Dynamic Purchasing System - Residential and Nursing Care. To tender for unit rates for residential and nursing care, that aim to provide a saving on current rates as well as being part of a wider market management strategy.	A	0.0	(0.250)	0.000	0.000
PEOPLE	Children & Family Early intervention and Children's Social Care	Looked After Children	Human Rights Assessments introduced for children under - no recourse to public funds. Still under discussion. Also negotiating with Home Office to bring forward removal of those with exhausted rights from UK.	A	0.0	(0.250)	0.000	0.000
PEOPLE	Children & Family Early intervention and Children's Social Care	Children In Need Service	Children In Need (CIN) - review of residential placements for children with special needs thus reducing the care element of these costs.	A	0.0	(0.250)	0.000	0.000
PEOPLE	Integrated Commissioning / Adult Care Services	Director of Commissioning	Joint QIPP/Council efficiency programme: a more coordinated approach to delivery of agreed efficiencies / cost improvement projects involving health and social care.	A	0.0	(0.150)	0.000	0.000
PEOPLE	Children & Family Early intervention and Children's Social Care	Looked After Children	Re-commission of contact assessments to one provider - based on Lambeth experience	A	0.0	(0.150)	0.000	0.000
PEOPLE	Adult Care	Assessment & Case Management	Resilience & Transition to Adults - reduction in transition costs for 18 - 25 yr olds LD & PD - We have 2 FTEs social workers who are working through a transitions cohort of 300 plus services users to review and reduce their cost packages as we begin to use the Care Funding Calculator to determine a fair price for care.	G	0.0	(0.150)	0.000	0.000
PEOPLE	Gateway and Welfare Services	Bereavement Services	Bereavement - Bring services together, staff savings, review fees and charges, introduction of non-service cremations	G	TBC	(0.145)	0.000	0.000
PEOPLE	Integrated Commissioning / Adult Care Services	Assessment & Case Management	Learning Disabilities Integrated Framework (IFA). "Call-off" services against the framework to reduce the hourly rate. To utilise the integrated framework rates and transfer legacy provision to the framework or call off new cohorts from the framework. This does not solve the lack of accommodation for people with LD and therefore is not always an appropriate tool.	A	0.0	(0.128)	0.000	0.000
PEOPLE	Integrated Commissioning / Adult Care Services	Assessment & Case Management	Learning Disability Day Services - service review. Comprehensive review of day opportunities/services for adults with learning disabilities, specification and procurement of services.	A	0.0	(0.125)	0.000	0.000

APPENDIX 1 TOTAL SAVINGS OPTIONS

Department	Division	Service	Options	RAG Status	FTE	17/18 £m	18/19 £m	2019/20 £m
PEOPLE	Adult Care	Learning Disability	Reduction in of the value of the LATC contract, the remainder to be used to develop services for those in most need. This contract is currently under review.	A	0.0	(0.125)	0.000	0.000
PEOPLE	Adult Care	Assessment & Case Management	Transitions (Learning Disability and PD Service users) - reduction in costs of packages. This applies to the PD transitions group who currently are being reviewed under the Croydon Challenge project - it is related to promoting independence via supported living options	G	0.0	(0.100)	(0.150)	0.000
PEOPLE	Gateway and Welfare Services	Registrars	Registrars - service restructure and increased charges, introduction of non-refundable deposits	A	TBC	(0.100)	0.000	0.000
PEOPLE	Adult Care	Learning Disability	Decommission Heather Way respite unit. £250k will be retained to service the clients in the P & V sector. There maybe potential for a capital receipt or alternative use e.g. temporary accommodation for this building.	A	0.0	(0.100)	0.000	0.000
PEOPLE	Universal People Services	Schools Places & Admissions	Octavo contract savings of 5% in16/17 & 10% in 17/18	A	0.0	(0.090)	0.000	0.000
PEOPLE	Integrated Commissioning / Adult Care Services	Integrated Commissioning / Working Age Adults	Supported Housing Efficiencies - retendering of contracts. Retendering of a range of existing supported housing contracts at a lower unit cost.	A	0.0	(0.075)	0.000	0.000
PEOPLE	Adult Care	Assessment & Case Management	Commissioners to review LD respite care provision - and go out to tender	A	0.0	(0.058)	0.000	0.000
PEOPLE	Integrated Commissioning / Adult Care Services	Integrated Commissioning / Working Age Adults	Shared Lives - review scheme as an alternative to more expensive options. Expansion of the current scheme within resources to increase the availability of less expensive placements for a wider client group.	A	0.0	(0.050)	0.000	0.000
PEOPLE	Gateway and Welfare Services	Bereavement Services	Pet Cremations/ Bereavement / Registrars restructure	G	0.0	(0.050)	0.000	0.000
PEOPLE	Adult Care	Assessment & Case Management	Commissioners to work with LD care home providers where residents attend LATC services	A	0.0	(0.036)	0.000	0.000
PEOPLE	Integrated Commissioning / Adult Care Services	Adult Social Care - Mental Health	Mental Health - Younger Adults s117 - less costly way of enabling people to access housing benefit. -Diversion of costs from B and B budget to Housing Benefit.	A	0.0	(0.020)	0.000	0.000
PEOPLE	Integrated Commissioning / Adult Care Services	Adult Social Care - Mental Health	Review of MH Younger Adults high cost placements which are out of borough. - Seek more cost effective placements which meet identified need closer to Croydon through review of needs and development of innovative support plans.	A	0.0	(0.014)	0.000	0.000
PEOPLE	Housing Need	Incomes and Lettings	Income collection from tenants car parking permits	A	0.0	(0.006)	0.000	0.000
PEOPLE	Universal People Services	Schools Admissions and Place Planning	Admissions and place planning - coordinated admissions training to academies and traded service school appeal presenting officer	G	0.0	(0.005)	0.000	0.000
PLACE	Planning	Development Management	Increased income via applications (volume and fee increase expected over time) and pre-applications (moves towards full cost recovery)	G	0.0	(0.100)	0.000	0.000
PLACE	Streets	Waste	New waste Contract	A	0.0	0.000	(4.500)	0.000
PLACE	Streets/District Centres & Regeneration	All Services	Operational costs of Monks Hill Sport Centre. Cost reduces from centre established and income increases	A	0.0	(0.040)	0.000	0.000
PLACE	Planning	Spatial Planning	Headcount reduction - Place/Plan making - 3 ftes	G	-3.0	(0.009)	0.000	0.000
RESOURCES	Finance & Assets	Asset Management & Estate	Croydon Challenge Asset Management - increased income for improved space utilisation in BWH and other office space	G	0.0	(1.500)	0.000	0.000
RESOURCES	CT & CS	Development Division	Digital Advertising - Implementing scheme across the borough	A	0.0	(0.500)	0.000	0.000
RESOURCES	Finance & Assets	All Services	Explore options for shared transactional services linked to One Oracle	A	-6.0	(0.250)	0.000	0.000
RESOURCES	CT & CS	Information Communication Technology	Renegotiate connect IT contracts and service towers. No service impact	G	0.0	(0.250)	0.000	0.000
RESOURCES	Voluntary Sector Funding	Voluntary Sector Funding	10% reduction in funding	A	0.0	(0.200)	(0.200)	0.000
RESOURCES	CT & CS	Revenue and Benefits	Creation of in-house bailiff service	G	0.0	(0.200)	0.000	0.000
RESOURCES	Finance & Assets	Facilities Management	Expected savings from reprocurement of FM contract	G	0.0	(0.200)	0.000	0.000
RESOURCES	CT & CS	Information Communication Technology	Reduced costs of other major ICT contracts and licensing	G	0.0	(0.150)	0.000	0.000
RESOURCES	SCC	SCC Division	Further consolidation of enabling support services in relation to commissioning	G	-2.0	(0.100)	0.000	0.000
RESOURCES	SCC	SCC Division	Procurement Taskforce - Contract Management Review. Targeted review of key contracts across the organisation	G	0.0	(0.100)	0.000	0.000
RESOURCES	Democratic & Legal	All Services	Restructure of Services (Tier 2)	A	-1.0	(0.075)	0.000	0.000
RESOURCES	CT & CS	Revenue and Benefits	Process review and automation	G	-2.0	(0.060)	0.000	0.000
RESOURCES	Democratic & Legal	Legal Services	Total legal spend internal & external;	G	0.0	(0.050)	(0.050)	0.000
RESOURCES	HR	Corporate Learning and Organisational Development	Potential saving of >£250k across the council in L&D review which is underway. Not possible to anticipate how that save will be allocated across services yet.	A	0.0	(0.050)	0.000	0.000
RESOURCES	SCC	SCC Division	Reshaping SCC to meet the Organisations future needs	G	0.0	(0.050)	0.000	0.000

APPENDIX 1 TOTAL SAVINGS OPTIONS

Department	Division	Service	Options	RAG Status	FTE	17/18 £m	18/19 £m	2019/20 £m
RESOURCES	SCC	SCC Division	Alternative Service Delivery model for SCC	G	0.0	(0.050)	0.000	0.000
RESOURCES	CT &CS	Information Communication Technology	Applications consolidation and integrations	G	0.0	(0.050)	0.000	0.000
RESOURCES	CT &CS	Information Communication Technology	10% p.a. Reduction in PC's to match reduced org resources no service impact	G	0.0	(0.043)	0.000	0.000
RESOURCES	CT &CS	Business Support	Transformation - Reduction in dept support	A	0.0	(0.033)	0.000	0.000
RESOURCES	CT &CS	Strategy & Development Division	Move web service onto cloud hosting to reduce costs. Slight reduction in resilience arrangements but no significant service impact	G	0.0	(0.033)	0.000	0.000
RESOURCES	CT &CS	Contact Centre Division	Efficiencies from customer contact service system improvements. No customer impact	A	-2.0	(0.030)	0.000	0.000
RESOURCES	CT &CS	Business Support	Deploy technology refresh and expand scanning	G	0.0	(0.030)	0.000	0.000
RESOURCES	CT &CS	Revenue and Benefits	Corp debt income - improved collection processes	G	0.0	(0.020)	0.000	0.000
RESOURCES	HR	All Services	Further review of staffing structure	G	0.0	(0.010)	0.000	0.000
TOTAL SAVINGS					16.0	(12.452)	(5.656)	0.000

Summary By Dept	17/18 £m	18/19 £m	2019/20 £m
People	(8.269)	(0.906)	0.000
Place	(0.149)	(4.500)	0.000
Resources	(4.034)	(0.250)	0.000
TOTAL	(12.452)	(5.656)	0.000

Capital Programme Outturn - 2015/16 to 2018/19

Appendix 2

Category	Revised Budget 2015/16 £000's	Outturn 2015/16 £000's	Outturn Variance 2015/16 £000's	16/17 Original Budget £000's	Slippage from 15/16 £000's	Revised 16/17 Budget £000's	17/18 Budget £000's	18/19 Budget £000's
DASHH - ICT / South West London Partnership / Disabled Facilities Grants	3,069	2,103	(966)	1,600	966	2,566	1,600	1,600
Education - Acadamies Programme	569	728	159	317	159	476	-	-
Education - DDA	254	55	(199)	-	199	199	-	-
Education - Fixed term expansion	3,751	1,998	(1,753)	2,491	1,753	4,244	25	-
Education - Major Maintance	3,484	3,047	(437)	2,119	437	2,556	2,000	2,000
Education - Miscellaneous	2,898	-	(2,898)	1,180	2,828	4,008	400	-
Education - Permanent Expansion	28,973	14,509	(14,464)	74,060	14,464	88,524	28,064	1,732
Education - Secondary Schools	12,165	13,181	1,016	8,500	-	8,500	139	-
Education - Special Educational Needs	6,498	4,501	(1,997)	16,444	981	17,425	10,787	200
People sub-total	61,661	40,122	(21,539)	106,711	21,787	128,498	43,015	5,532
Bereavement Services	19	-	(19)	30	19	49	1,300	-
East Croydon Station Bridge	1,200	-	(1,200)	-	1,200	1,200	-	-
Fairfield Halls	4,649	2,298	(2,351)	4,000	-	4,000	5,000	-
Feasibility Fund	118	114	(3)	-	3	3	-	-
Highways Programme	6,000	6,131	131	5,000	-	5,000	5,000	5,000
Highways - Bridges Prog	642	484	(158)	-	158	158	-	-
Parking	107	73	(34)	-	34	34	-	-
Public Realm	16,154	14,533	(1,621)	-	1,621	1,621	-	-
TFL - Local Implementation Programme	6,012	6,012	-	3,336	-	3,336	3,336	3,336
Don't Mess With Croydon	-	-	-	2,160	-	2,160	160	160
Transforming Our Space	129	59	(70)	-	-	-	-	-
Taberner House	7,200	7,182	(18)	-	-	-	-	-
Empty Homes Grant	2,242	1,824	(418)	500	418	918	500	500
Salt Barn	750	22	(728)	-	728	728	-	-
New Addington Leisure Centre	1,000	696	(304)	7,830	304	8,134	8,500	-
Waste and Recycling Investment	2,160	443	(1,717)	-	1,717	1,717	-	-
Measures to mitigate travellers in parks and open spaces	233	46	(187)	-	187	187	-	-
Thornton Heath Public Realm	264	61	(203)	2,158	203	2,361	-	-
Ashburton Library	90	70	(20)	400	20	420	100	-
Section 106 Schemes	990	133	(857)	-	857	857	-	-
Onside Youth Zone	-	-	-	2,000	-	2,000	1,000	-
Ward Based Programme	120	-	(120)	120	-	120	-	-
Place sub-total	50,079	40,181	(9,897)	27,534	7,469	35,003	24,896	8,996
Corporate Property Maintenance Programme	10,216	3,025	(7,191)	2,100	7,191	9,291	2,000	2,000
ICT	10,256	8,152	(2,104)	1,500	2,104	3,604	1,500	1,500
ICT Refresh	-	-	-	4,719	-	4,719	1,173	8,582
Resources sub-total	20,472	11,177	(9,295)	8,319	9,295	17,614	4,673	12,082
General Fund total	132,212	91,480	(40,731)	142,564	38,551	181,115	72,584	26,610
Housing Revenue Account	42,957	33,618	(9,339)	33,621	9,339	42,960	33,621	33,621
Capital Programme Total	175,169	125,098	(50,070)	176,185	47,890	224,075	106,205	60,231