

REPORT TO:	CABINET 12 DECEMBER 2016
AGENDA ITEM:	11
SUBJECT:	QUARTER 2 FINANCIAL PERFORMANCE 2016/17
LEAD OFFICER:	RICHARD SIMPSON EXECUTIVE DIRECTOR RESOURCES (SECTION 151 OFFICER)
CABINET MEMBER:	CLLR TONY NEWMAN LEADER OF THE COUNCIL CLLR SIMON HALL, CABINET MEMBER FOR FINANCE AND TREASURY
WARDS:	ALL
<p>CORPORATE PRIORITY/POLICY CONTEXT:</p> <p>The recommendations in the report will help to ensure effective management, governance and delivery of the Council's medium term financial strategy and ensure a sound financial delivery of the 2016/17 in-year budget. This will enable the ambitions for the borough for the remainder of this financial year to be developed, programmed and achieved for the residents of our borough.</p>	
<p>AMBITIOUS FOR CROYDON & WHY ARE WE DOING THIS:</p> <p>Strong financial governance and stewardship ensures that the Council's resources are aligned to enable the priorities, as set out in the Corporate Plan 2015 -2018, to be achieved for the residents of our borough and further enables medium to long term strategic planning considerations based on this strong financial foundation and stewardship.</p>	
<p>FINANCIAL IMPACT</p> <p>The reduced financial settlement and ongoing demand pressures on a range of statutory services, in the face of significant cuts to Government funding is resulting in pressures to the Council's budget, and resulting in a minor forecast over-spend at Quarter 2.</p>	
<p>FORWARD PLAN KEY DECISION REFERENCE NO.</p> <p>Not a key decision</p>	
<p>The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below</p> <p>1 RECOMMENDATIONS</p> <p>Cabinet is recommended :-</p> <ul style="list-style-type: none"> i) Note the current revenue outturn forecast at the end of the second quarter of 2016/17 of £0.920m over budget, and the actions put in place to reduce the overspend; ii) Note the HRA position of a £1.107m forecast underspend against budget; 	

- iii) Note the capital outturn projection of **£83.978m** forecast under spend against budget.
- iv) Approve the virements detailed in Section 5
- v) Agree an increase in the capital programme of £2.815m to fund the replacement of Pay & Display machines, set out in Paragraph 7.4.
- vi) Agree the Discretionary Business Rates Relief policy pursuant to section 69 of the Localism Act, contained in Appendix 3

2. EXECUTIVE SUMMARY

- 2.1 This report updates the Council's financial outlook at the end of the second quarter of 2016/17, which remains against a context of a series of adverse national funding changes affecting Local Government finance.
- 2.2 The financial monitoring process has identified pressures within the People department, largely as a result of a continued growth in demand for both Children and Adult social care placements as well as homelessness and against a backdrop of challenging savings objectives, although to a lesser extent than in previous years.
- 2.3 The non-departmental items are included in the budget in a very prudent manner, which is why, each year, there are favourable variances on such items.
- 2.4 The Council's overall forecast revenue over spend of **£0.920m** is made up of Departmental over spends of **£9.320m**; offset by non-departmental underspends of **£8.4m** as shown in Table 1 below:

Table 1 – Summary of forecast revenue outturn position at Quarter 2:

Department	Forecast Variance Quarter 2 £'000s	Forecast Variance Quarter 1 £'000s
People	9,553	7,238
Place	(427)	(542)
Resources	194	0
Departmental Overspend	9,320	6,696
Non-departmental items		
Additional Grant Income	(3,708)	(3,000)
Interest Receivable	(1,506)	(1,000)
Interest Payable / MRP	(1,782)	(1,000)
Contingency	(1,000)	(1,000)
Other minor variances	(404)	0
Total Non-Department Items	(8,400)	(6,000)
Total Projected Over-spend	920	696

Details of major variances are provided in Table 3, Section 4 of this report, with further information about all projected outturn variances available in Appendix 1 to this report.

3. GENERAL FUND 2016/17 REVENUE SUMMARY

3.1 The projected outturn position at the second quarter of 2016/17 is showing the effect of anticipated saving and recovery plans that will be implemented during the year. Details of major variances are set out in Table 2 below:

Table 2 – Major Variances over £500k

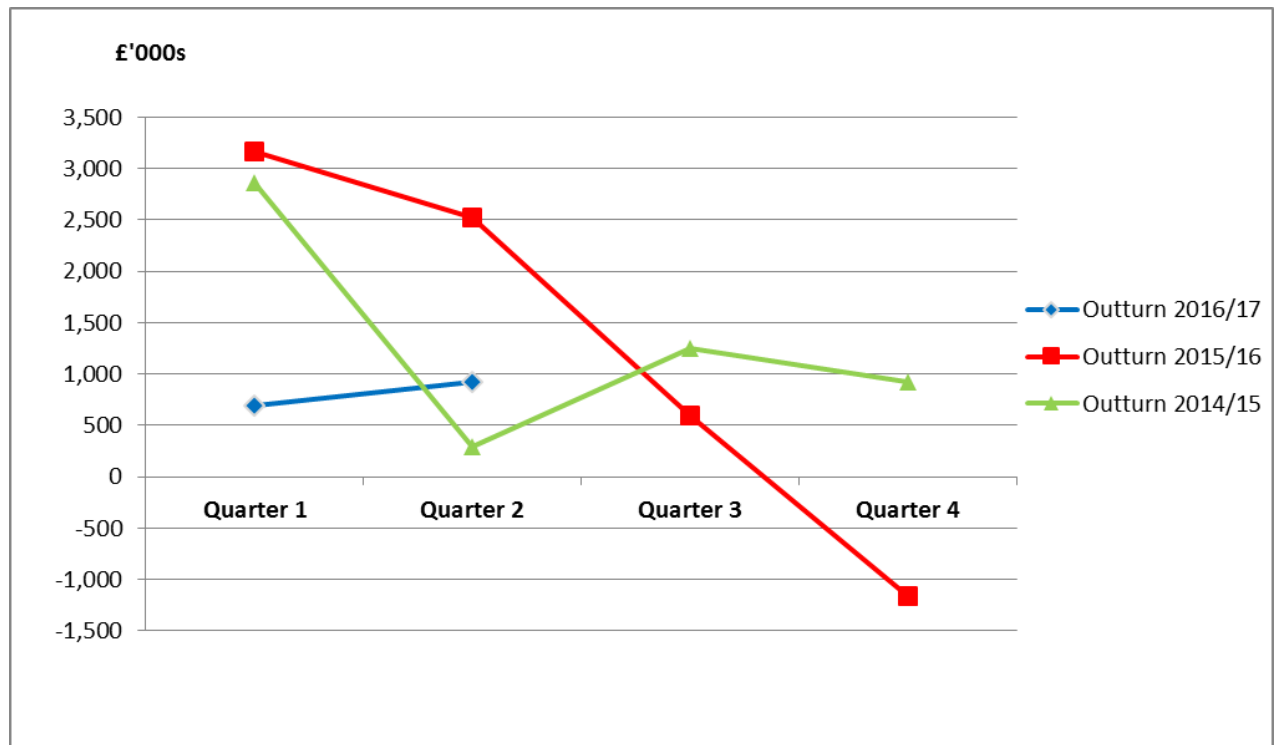
Department	Major Variances over £500k	Quarter 2 £'000	Quarter 1 £'000	2015-16 outturn £'000
PEOPLE				
Children's Social Care	Looked after Children and transitions placement costs, agency staffing and contract and assessment overspends within the Children In Need Service	4,800	4,106	3,974
Gateway & Welfare and Housing Need	Emergency Accommodation costs	1,598	495	1,855
Adult Social Care	Care Package and staffing overspends within the disability service, including Ordinary Residence costs	2,890	2,628	3,552
	People Department Variances below £500k	265	10	324
PEOPLE Total		9,553	7,238	9,705
PLACE				
Planning	Additional Planning Income	(783)	(829)	(744)
	Place Department Variances below £500k	356	287	529
PLACE Total		(427)	(542)	(215)
RESOURCES				
Finance and Assets	(Prior year) Underspends on Business Rates charges across the corporate estates following successful appeal challenges.	0	0	(777)
	Resources Department Variances below £500k	194	0	(186)
RESOURCES Total		194	0	(963)
NON DEPARTMENTAL ITEMS				
	Contingency	(1,000)	(1,000)	(1,000)
	Interest Payable / MRP	(1,782)	(1,000)	(6,159)
	Interest Receivable	(1,506)	(1,000)	
	Additional Grant Income	(3,708)	(3,000)	(2,529)
	Other variances below £500k	(404)	-	-
NON-DEPARTMENTAL BUDGETS TOTAL		(8,400)	(6,000)	(9,688)
TOTAL VARIANCE		920	696	(1,161)

- 3.2 The projected People department overspend in 2016/17 is **£9.553m** and continues to be made of up of Adult Social Care, Children's Social Care and Gateway & Welfare services.
- 3.3 The 2016/17 budget was set with the inclusion of growth to help manage pressures as well as ambitious savings targets set by the department. Despite this growth there continues to be increasing demand for the services provided by the department in the key areas of, adult and children's social care and temporary accommodation.
- 3.4 These pressures are mainly demand related, and are a continuation of pressures experienced in previous years, although the scale has been reduced by a combination of improved demand management, and growth awarded in the 2016/17 budget.
- 3.5 The pressures in the People Department are largely from the demand led services, namely children's social care, adult social care and temporary accommodation. The Council has a programme to manage demand and it is anticipated that the greatest impact of this will be within the People Department.
This programme will deliver options in the medium and longer term.
In the short term a range of immediate actions are in place, including:-
- Improved commissioning, contract management and brokerage including a new framework for independent foster care placements that has just come into place.
 - A further review of the use of and cost of agency staff.
 - The development of a recruitment and retention strategy for social workers has been commissioned.
 - The transformation of adult social care continues, which includes some detailed reviews of high cost care packages to ensure individual needs are being met in the most effective way.
 - The application of the successful Gateway approach to the 'front door' of adult social care which is likely to bring both cost savings and service improvement.
 - The introduction of Family Link workers to assist families.
 - Looking at boosting the supply of temporary accommodation and assisting families in temporary accommodation.

4. GENERAL FUND REVENUE SUMMARY POSITION 2016/17

- 4.1 Graph 1 below shows the forecast variance for 2016/17 compared to previous years. The Council continues to manage its finances through the rigorous monitoring and control of spending within the framework of the Financial Strategy, which explains the improving positions in the later quarters of the year. The Quarter 2 forecast variance is one of the lowest since austerity was brought in by Central Government in 2011.

Graph 1 – Forecast Variances



4.2 The Council is continuing to monitor the expenditure within the People department and the monthly governance boards are key to this process as they focus on the areas of highest risk. Key actions being implemented in 2016/17 in the People department are detailed in para. 3.5 of this report and the other departments are continuing to look at short term options to bring the budget in line.

5 VIREMENTS OVER £500K REQUIRING CABINET APPROVAL

5.1 The following virements processed during Quarter 2 require the approval of cabinet, due to their size.

- Transfer of contingency budget held within the Council's budget for the Care Act from the non-departmental area to the People department. The value of budget transferred was £1.519m.
- Centralisation of insurance budgets into the Resources department from within the People and Place departments, to improve financial management and control of insurance costs. The value of budgets transferred was £5.004m

6. HOUSING REVENUE ACCOUNT (HRA)

6.1 The current forecast for the HRA is for an estimated underspend of £1.107m. The key variances being reported at Quarter 2 are summarised in Table 3 below:

Table 3 – 2016/17 Main variances within the HRA

Department	Major Variances	Quarter 2 £'000	Quarter 1 £'000
HRA – PEOPLE	Additional income arising from tenant income	(1,100)	-
HRA - PLACE	Increase in responsive repairs contract costs	(7)	(455)
HRA - NON DEPARTMENTAL ITEMS	Contingency underspend	0	(500)
	Minor Variances under £100k	0	33
TOTAL HRA PROJECTED VARIANCE		(1,107)	(922)

6.2 Longer term budget planning for the HRA is currently taking place and includes reviewing the impact of the Housing and Planning Act to understand and model the impact of future rent reductions, the rules on right-to-buy receipts and the other new initiatives including High Value Voids.

6.3 The HRA business plan includes £15m investment this year in the new build programme which will now be delivered by Brick by Brick. Due to the change in delivery provider the programme has slipped to enable the development of a bigger programme with a more joined up approach to creating a sustainable mix of developments in the Borough.

7. FORECAST CAPITAL OUTTURN POSITION

7.1 The high level Capital programme for 2016/17 is shown in Table 4 below. Full details of all projects are shown in Appendix 2. Forecast expenditure of £159,719k is projected for 2016/17.

Table 4 – 2016/17 Capital Programme

Original 2016/17 Budget £'000s	Department	Slippage from 2015/16 £'000s	Re- profiling / Increases in Schemes £'000s	Revised Budget 2016/17 £'000s	Actuals April- Sep 2016 £'000s	Forecast Outturn £'000s	Forecast Variance £'000s	forecast slippage into 2017/18 £'000s
108,741	PEOPLE	21,807	1,248	131,796	25,755	76,945	(54,851)	(55,383)
25,384	PLACE	7,450	16,534	49,368	7,370	35,818	(13,550)	(12,825)
8,439	RESOURCES	9,295	1,839	19,573	5,857	19,356	(217)	(217)
142,564	GENERAL FUND TOTAL	38,552	19,621	200,737	38,982	132,119	(68,618)	(68,425)

33,621	HOUSING REVENUE ACCOUNT	9,339	0	42,960	6,466	27,600	(15,360)	(15,360)
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176,185	CAPITAL PROGRAMME TOTAL	47,891	19,621	243,697	45,448	159,719	(83,978)	(83,785)
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7.2 The capital programme is funded from a number of different sources, including capital receipts, external grants and borrowing. Table 5 below details the funding for the original 2016/17 budget, the revised programme and for the forecast outturn.

Table 5 – Sources of capital funding

Funding	Original Budget 2016/17 £000's	Revised Budget 2016/17 £000's	Forecast Outturn 2016/17 £000's
Capital Receipts	13,500	2,500	2,500
Education Funding Agency	39,093	60,272	60,272
Transport for London	3,336	5,497	5,497
Better Care Fund (Disabled Facilities Grant)	900	2,046	2,046
Section 106	-	1,189	1,189
Other grants	2,658	7,064	7,064
Borrowing	83,077	121,669	53,551
GENERAL FUND	142,564	200,237	132,119
Major Repairs Allowance	17,301	17,301	17,301
HRA - Revenue Contribution	8,523	8,523	8,523
HRA - Use Of Reserves	1,606	10,945	1,776
HRA - Unsupported Borrowing	6,191	6,191	0
HRA FUNDING	33,621	42,960	27,600
TOTAL FUNDING	176,184	243,697	159,719

7.3 Section 106 funding is received from developers to mitigate the impact of developments. A breakdown of how this funding is being used is shown in Table 6 below.

Table 6 – Breakdown of Section 106 expenditure

Section 106 expenditure	Forecast outturn £'000s
Public Realm	946
Parks and Open Spaces	243
Total Section 106	1,189

7.4 Recommendation (v) of this report seeks an increase in the capital programme of £2.815m to fund the replacement or upgrade of 687 pay & display parking machines across the borough. The current stock of machines are beyond the end of their useful life – they will not be able to take the new pound coin and operational failures and vulnerability to attack for theft is resulting in loss of revenue to Parking Services. Following these works, the Borough's pay and display machines will be more secure, will be compatible with proposed replacement coinage, and offer a better range of facilities to the public such as payment by card facilities.

7.5 Key variances within the Quarter 2 position include a £53.821m under-spend across the Education programme, following a re-profiling of projects to 2017/18 and 2018/19, rather than any reduction in the investment in education.

7.6 The HRA capital programme is also showing an under spend of £15.360m, as the new build programme is now being undertaken by Brick by Brick and they are currently working on the investment timeline. Whilst this is causing a delay, this will result in a much larger supply of affordable homes.

8. FINANCIAL MANAGEMENT

8.1 The Council Tax and Business Rates are two key income streams for the Council. Collection rates for the current year are show in Table 7 below:

Table 7 - Council Tax and Business Rates collection

	Target collection – year to date %	Actual collection – year to date %	Variance to target – year to date %	Variance at Q2 – prior year position %
Council Tax	55.07	54.85	-0.22	-0.59
Business Rates	56.76	57.82	+1.06	-1.07

Council Tax

8.2 The Council tax collection has been distorted by new items billed in September, which accounted for some 0.2% of the council tax debit. These come predominantly from:

- revaluations (i.e. new properties on the council tax base)
- removal of single person discounts, and
- reduction in Council Tax support awards.

8.3 Without this, the position would have been on target. All indicators remain positive and point towards the strongest end of year position.

8.4 The Revenues & Benefits team continue to implement the 5 point plan to increasing collection set out in the Quarter 1 report, and the number of Direct Debit payers is now at the highest ever level for the Council (at 70.24%).

Business Rates

8.5 Business Rates collection is on track to achieve the year-end target. The 1.06% surplus position at the end of Quarter 2 is due to a credit balance awaiting refund to a rate payer, following a successful appeal of their rateable value.

8.6 The Council is proposing measures to increase or safeguard the number of jobs in the borough by using powers to provide discretionary business rates relief to organisations that meet certain criteria under the provisions of section 69 of the Localism Act 2011. Full details are set out in Appendix 3.

8.7 The revised Business Rates Relief Policy allows applications for business rate relief where proposals will safeguard or create new jobs through inward investment, activation of vacant units and/or by providing breathing space to enable struggling companies to implement turn-around business plans. Each application will be assessed on its merits and with consideration of the financial impact (off-setting short term lost revenue against longer term economic growth). A panel of officers will test applications against the published criteria; final decisions will be made by the Cabinet Member for Economy & Jobs with the Cabinet Member for Finance & Treasury

9. CONSULTATION

9.1 All departments have been consulted during the preparation of this report.

10. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

10.1 This report sets out the current financial position of the Council, and actions being taken to address the projected overspend.

The report is submitted by the Executive Director of Resources (Section 151 Officer)

11. COMMENTS OF THE BOROUGH SOLICITOR AND MONITORING OFFICER

11.1 The Acting Solicitor to the Council comments that the Council is under a duty to ensure that it maintains a balanced budget and to take any remedial action as required in year.

11.2 Provision is made within section 69 of the Localism Act 2011 ("the Act") for the Council to grant discretionary rate relief subject to parameters as set out within the Act and the recommendations seek approval for the Council's policy on how such matters will be considered in future

Approved for and on behalf of Jacqueline Harris-Baker, Acting Council Solicitor and Acting Monitoring Officer.

12. HUMAN RESOURCES IMPACT

12.1 The items from the savings packages and action plans included in the report or those that need to be developed in response to the report are likely to have a significant HR impact. These can vary from posts not being re-filled or deleted through restructures proposals leading to possible redundancies. Where that is the case, the Council's existing policies and procedures must be observed and HR advice must be sought.

Approved by: - Jason Singh, HR Business Partner, for and on behalf of Director of HR, Resources department.

13 EQUALITIES IMPACT -

13.1 The key service areas that currently have over spend in budgets are Looked after Children, Adult Care Placements and Temporary Accommodation. All of these are areas that provide services to customers from equality groups that share protected characteristics; such as younger people (Looked after Children), people with a disability (Children with special educational needs), older people and BME groups. There are a number of known equality and inclusion issues in the above mentioned service areas such as an over-representation of BME young people in looked after children, over-representation of BME groups and other vulnerable groups such victims of domestic abuse, homeless young people, pregnant women and young children in in temporary accommodation, young children with a disability who have a special educational needs and their carers, vulnerable older people with complex needs etc. The mitigating actions, on these specific services are unlikely to affect

these groups more than the population as a whole. In fact, a number of those will affect these groups less.

- 13.2 In addition, there are policy changes made by Government that will impact on the in-year budget. The Council will work to ensure key services to Croydon residents are protected wherever possible. However, it is likely that some of the areas affected will be a reduction in Home Office funding for Unaccompanied Asylum Seeking Children, a cut to the Public Health Grant and the Youth Justice Board grant and changes to the Welfare and Housing Bill. There is a likelihood that these cuts will have a more significant adverse impact on some groups that share a protected characteristic such as age, race and disability. Changes to the Welfare and Housing Bill are also likely to have an adverse negative impact on the more vulnerable customers.
- 13.3 In order to ensure that our vulnerable customers that share a “protected characteristic” are not disproportionately affected by the actions proposed to reduce in year budget over spend we will ensure that the delivery of the cost reduction initiatives are informed by a robust equality analysis of the likely detrimental impact it could have on all services users and in particular those that share a “protected characteristic”.
- 13.4 If the equality analysis suggests that the cost reductions initiatives are likely to disproportionately impact on particular group of customers, appropriate mitigating actions will be considered. This will enable the Council to ensure that it delivers the following objectives that are set out in our Equality and Inclusion Policy:
- To increase the rate of employment for disabled people, young people, over 50s and lone parents who are furthest away from the job market
 - To increase the support offered to people who find themselves in a position where they are accepted as homeless especially those from BME backgrounds and women
 - To reduce the rate of child poverty especially in the six most deprived wards
 - To improve attainment levels for white working class and Black Caribbean heritages, those in receipt of Free School Meals and Looked After Children, particularly at Key Stage 2 including those living in six most deprived wards
 - To increase the percentage of domestic violence sanctions
 - To increase the reporting and detection of the child sexual offences monitored
 - To reduce the number of young people who enter the youth justice system
 - To reduce social isolation among disabled people and older people
 - To improve the proportion of people from different backgrounds who get on well together
 - To reduce differences in life expectancy between communities

14. ENVIRONMENTAL IMPACT

- 14.1 There are no direct implications contained in this report.

15. CRIME AND DISORDER REDUCTION IMPACT

- 15.1 There are no direct implications contained in this report.

16. REASONS FOR RECOMMENDATION /PROPOSED DECISION

- 16.1 Given the current in year-position Executive Leadership Team have been tasked to identify options to achieve a balanced year-end position.

17. OPTIONS CONSIDERED AND REJECTED

17.1 Given the current in year-position Executive Leadership Team have been tasked to identify options to achieve a balanced year-end position. The alternative would be to over-spend and draw down on balances, which would not be prudent.

CONTACT OFFICER:

Richard Simpson Executive Director Resources (Section 151 Officer). Tel number
020 8726 6000 ext. 61848

BACKGROUND PAPERS – none

REVENUE FORECAST OUTTURN – DETAILED VARIANCES

Appendix 1

PEOPLE DEPARTMENT

Division	Explanation of variance	Qtr 2 Amount (£000)	Qtr 1 Amount (£000)
Children's Social Care	Looked After Children - overspends on placement costs, principally due to new cases, notably a number in secure remand	2,397	1,687
	Children In Need – Staffing overspends arising from the need for agency staff due to rising demand have reduced since Q1, however contact and assessment costs due to the number of care proceedings have increased	1,495	1,505
	Directorate – Children's Social Care legal costs, arising from an increase of 84% in child protection cases since April 2016	198	350
	Safeguarding – agency staffing	415	258
	0-25 Service – 16 additional transitions cases including 9 having backdated costs	856	300
	EISS – release from the Troubled Families Reserve	(139)	6
	Other Minor Variances < £100k	(10)	0
	Sub-total Children's Social Care	4,800	4,106
Universal Services	CALAT reorganisation	42	31
	Sub-total Universal Services	42	31
People Directorate	Other Minor Variances < £100k	9	(21)
	Sub-total People Directorate	9	(21)
Gateway & Welfare	Bed & Breakfast over-spend as a result of demand pressures, partially offset by underspend in no resource to public funds	1,778	125
	Sub-total Gateway & Welfare	1,778	125
Adult Social Care & All Age Disability	25 – 65 disability service -- increase in complexity of physical disability cases and increase in number of learning disability cases, including a number of Ordinary Residence cases	2,600	2,572
	Older People Social Care - an increase in Occupational Therapy expenditure and agency staffing costs	785	404
	Directorate – agency costs associated with running the Centralised Duty Team	309	230
	Disability commissioning & brokerage – procurement savings	(565)	(348)
	Adults Transformation – underspend on transformation project, capital recharges, a release of 15/16 provisions and a reduction in the number of inflation provider appeals	(880)	(314)
	Mental Health – increased placement costs	231	109
	Day and Employment Services – in sourcing of Croydon Day Opportunities	374	0
	Other Minor Variances > £100k	37	(26)
	Sub-total Adult Social Care & All Age Disability	2,891	2,627

Division	Explanation of variance	Qtr 2 Amount (£000)	Qtr 1 Amount (£000)
Housing Need	Over-spend - demand for Temporary Accommodation as well as supply costs	33	370
	Sub-total Housing Need	33	370
	Total Forecast Variance – People Department	9,553	7,238

PLACE DEPARTMENT

Division	Explanation of variance	Qtr 2 Amount (£000)	Qtr 1 Amount (£000)
Place Directorate	Other Minor Variances < £100k	(115)	(64)
	Sub-total Place Directorate	(115)	(64)
Streets	Facilities Management security and cleaning budget pressures	146	0
	Other Minor Variances < £100k	105	61
	Sub-total Streets	251	61
Safety	A £140k pressure on Pay & Display income (due to the cost of the cashless app and cash collection charges), and a £159k pressure due to statutory increases in licensing not being implemented by Government and lower Street Trading income.	299	211
	Other Minor Variances < £100k	(92)	0
	Sub-total Safety	207	211
Planning	Planning fee income is forecast to achieve £2.8m. Any planning receipts in advance will be rolled over into 2017/18.	(783)	(829)
	Other Minor Variances < £100k	0	0
	Sub-total Planning	(783)	(829)
Development	Other Minor Variances < £100k	(1)	79
	Sub-total Development	(1)	79
District Centres & Regeneration & Development	Other Minor Variances < £100k	14	0
	Sub-total District Centres, Regeneration & Development	14	0
	Total Forecast Variance – Place Department	(427)	(542)

RESOURCES DEPARTMENT

Division	Explanation of variance	Qtr 2 Amount (£000)	Qtr 1 Amount (£000)
Finance & Assets including Democratic & Legal Services and Coroners	Delayed rental of Bernard Weatherill House against forecast	412	152
	Agency staff within Finance – covering vacancies and maternity leave	141	118
	Over-spend within the Coroners Service due to increased service costs	0	112
	Additional Legal income	(331)	(392)
	Other Minor Variances < £100k	(178)	26
	Sub-total Finance & Assets	44	16
Customer Transformation	Lower income from Land Charges	100	286
	Other Minor Variances < £100k	(200)	(186)
	Sub-total Customer Transformation	150	100
Strategies, Communities & Commissioning	Other Minor Variances < £100k	0	0
Human Resources	Other Minor Variances < £100k	0	(11)
	Sub-total Human Resources	0	(11)
All services	Savings arising from the Voluntary Severance programme		(105)
	Total Forecast Variance – Resources	194	0

NON DEPARTMENTAL ITEMS

Division	Explanation of variance	Qtr 2 Amount (£000)	Qtr 1 Amount (£000)
Non-departmental	Use of contingency budget	(1,000)	(1,000)
	Minimum Revenue Position and Interest borrowing costs lower than projected, due to slippage within the capital programme	(1,782)	(1,000)
	Interest receivable higher than anticipated – due to Real Lettings and Box Park	(1,506)	(1,000)
	Additional government grant anticipated – New Homes Bonus and S31 Grant	(3,708)	(3,000)
	Other under-spends under £100k	(404)	-
	Total Forecast Variance – Non-departmental	(8,400)	(6,000)
	Total Overspend	920	696

Detailed 2016/17 Capital Programme

Appendix 2

Original 2016/17 Budget £'000s	Project	Slippage from 2015/16 £'000s	Re-profiling / Increases in Schemes £'000s	Revised Budget 2016/17 £'000s	Actuals April-Sep 2016 £'000s	Forecast Outturn £'000s	Forecast Variance £'000s
PEOPLE DEPT							
30	Bereavement Services	19	0	49	0	49	0
1,600	Disabled Facilities Grant	839	0	2,439	568	2,426	(13)
0	Adults Social Care ICT	128	1,248	1,376	42	1,353	(23)
317	Education - Academies Programme	159	0	476	436	1,008	532
0	Education – DDA	199	0	199	1	97	(102)
2,356	Education - Fixed Term Expansions	1,753	0	4,109	336	2,162	(1,947)
2,234	Education - Major Maintenance	437	0	2,671	565	2,497	(174)
1,300	Education - Miscellaneous	2,828	0	4,128	4	1,404	(2,724)
74,111	Education - Permanent Expansion	14,464	0	88,575	14,532	47,332	(41,243)
8,499	Education - Secondary Estate	0	0	8,499	5,237	7,439	(1,060)
16,294	Education - SEN	981	0	17,275	4,034	10,172	(7,103)
2,000	Onside Youth Zone	0	0	2,000	0	1,006	(994)
108,741	People sub-total	21,807	1,248	131,796	25,755	76,945	(54,851)

PLACE DEPT							
0	East Croydon Station Bridge	1,200	0	1,200	0	1,200	0
500	Empty Homes Grants	418	0	918	388	918	0
4,000	Fairfield Halls	0	2,346	6,346	260	2,500	(3,846)
0	Feasibility Fund	3	0	3	0	0	(3)
5,000	Highways	158	0	5,158	2,481	5,158	0
0	Measures to mitigate travellers in parks and open spaces	187	0	187	0	94	(93)
7,830	New Addington Leisure Centre	304	0	8,134	382	1,500	(6,634)
400	Old Ashburton Library	20	0	420	3	142	(278)
0	Parking	34	0	34	8	34	0
0	Public Realm	1,621	8,319	9,940	2,821	9,940	0
0	Purley MSCP	0	200	200	0	200	0
0	Salt Barn	728	0	728	115	200	(528)

Original 2016/17 Budget	Project	Slippage from 2015/16	Re- profiling / Increases in Schemes	Revised Budget 2016/17	Actuals April- Sept 2016	Forecast Outturn	Forecast Variance
£'000s		£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
0	Section 106 Schemes	857	(36)	821	45	*243	(578)
3,336	TFL - LIP	0	2,161	5,497	706	5,497	0
2,158	Thornton Heath Public Realm	203	0	2,361	115	1,605	(756)
2,160	Waste and Recycling Investment	1,717	0	3,877	0	3152	(725)
0	Surrey Street Market	0	500	500	14	500	0
0	Pay & Display machine replacement programme	0	2,815	2,815	0	2,815	0
0	South Norwood Public Realm	0	229	229	32	120	(109)
25,384	Place sub-total	7,450	16,534	49,368	7,370	35,818	(13,550)

RESOURCES DEPT							
2,100	Corporate Property Maintenance Programme	1,443	0	3,543	890	3,326	(217)
0	Corporate Property Maintenance Programme Re- fit	5,765	(5,164)	601	214	601	0
1,500	ICT	2,087	500	4,087	257	4,087	0
4,719	ICT Refresh - Transformation	0	4,153	8,872	3,885	8,872	0
0	EOW – IT & refurbishment / office moves	0	2,350	2,350	512	2,350	0
120	Ward Based Programmes	0	0	120	99	120	0
8,439	Resources sub-total	9,295	1,839	19,573	5,857	19,356	(217)

142,564	General Fund total	38,552	19,621	200,737	39,482	132,119	(68,618)
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HOUSING REVENUE ACCOUNT							
500	Assisted Private Purchase Scheme	0	0	500	(60)	500	0
100	Larger Homes	0	0	84	0	90	6
6,000	New Build Programme	9,339	0	15,795	369	735	(15,060)
26,771	Repair and Improvement Programme	0	0	26,331	5,248	26,025	(306)
250	Special Transfer Payments	0	0	250	909	250	0
33,621	Housing Revenue Account	9,339	0	42,960	6,466	27,600	(15,360)

176,185	Capital Programme Total	47,891	19,621	243,697	45,448	159,719	(83,978)
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*Note: the Section 106 expenditure total represents specific schemes funded from this source. The remainder of the Section 106 funding shown in Table 5 is managed within the Public Realm project heading.

Policy for granting Local Discretionary Business Rate Relief - Appendix 3 (Section 69 Localism Act 2011)

Introduction

The Council recognises the importance of supporting local businesses and organisations to promote the provision of local facilities, economic growth, employment and investment to improve prosperity across Croydon and in particular support the most disadvantaged communities.

Councils have the power to grant discretionary rate relief to organisations that meet certain criteria and this policy sets out how the Council will deal with applications made for local discretionary business rate relief pursuant the amendments introduced by Section 69 of the Localism Act 2011 to the Local Government Finance Act 1988.

This policy does not deal with other types of mandatory or discretionary rate relief such as small business rate relief as detailed on the business rates pages of the Croydon Council website.

Applicants need to be aware that public funds are, however, limited and any rate relief awarded will be subject to budgetary constraints as this discretionary rate relief is wholly funded by taxpayers. Accordingly in making decisions the Council must be confident that money invested in this way will be repaid in economic and or community benefit in accordance with the criteria set out herein.

In introducing these discretionary powers, the government has made clear that these powers can be used to encourage new business and investment, as well as to support local shops or community services. Accordingly the Council has designed its policy with a view to increasing or safeguarding the number of jobs in the borough by:

1. Supporting inward investment from large companies bringing significant numbers of new jobs to the borough;
2. Supporting smaller businesses to locate in the area and helping them through difficult periods to become sustainable in the longer term;
3. Bringing empty space back into use to support the economy.

Our criteria

The Council will consider applications for relief on a case by case basis where at least one of the following criteria applies:

- The proposal will deliver significant local economic or social benefit including supported economic growth, new jobs created or jobs safeguarded;
- Applications will be considered favourably where they provide employment to local people or where it provides services, opportunities or facilities that cannot be obtained locally or are not provided locally by any other organisation.
- There is evidence of financial hardship, or extenuating circumstances which affects the applicants' ability to pay, and grant of business rate relief under the provisions of the Localism Act 2011 and this policy will support economic growth within the borough, ensure longer term financial stability and safeguard or create local jobs;
- Commercial premises that have been unoccupied for a prolonged period of time, and potential business rates relief will help to bring them back into sustainable use.

Ratepayer receiving Business Rates relief under this policy, will be required to work towards **Croydon Good Employer Charter** accreditation as a condition of relief.

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Ratepayers will **not be eligible** for relief if one or more of the following criteria applies:

- The ratepayer is eligible for any mandatory or other discretionary relief. Local relief will not be granted under these provisions where the ratepayer is entitled to other mandatory or discretionary rate relief, whether or not they have applied for such relief.
- The ratepayer must not be an organisation that could receive relief as a non-profit making organisation or as a sports club or similar;
- The ratepayer has received any form of state aid within the past three financial years

Please note that a previously successful application does not create an assumption that relief will or will not be granted in any subsequent years. Applicants will be required to apply each year and will be assessed under the currently applicable provisions.

Weight will be given to applications where it is clear that relief offered will be off-set by wider economic growth or benefit to the community.

In reaching its determination, the Council will, where appropriate, have regard to relevant guidance issued from time to time and any regulations as are applicable.

The council reserves the right, where necessary, to verify information provided by applicants for relief by contacting third parties and appropriate organisations and visiting premises to determine any decision about relief. In making this application, the applicant specifically consents to the Council using any data provided by them to make these checks.

Amount of relief

Croydon Council has the discretion to allow relief at any rate up to 100% of the business rates charge under the provisions of Section 69, however in doing so the Council must have regard to the impact this will have on other residents and tax and rate payers within the borough. Entitlement will be assessed by a panel against the criteria set out within this policy on a case by case basis. The actual amount of relief granted will, however, be determined by the affordable budget available for such rate relief within Croydon Council at the time the determination is made.

State Aid

Any award of discretionary rate relief must comply with EU law on state aid.

State aid is generally prohibited by European Community rules. However, there are exceptions to this, and some financial aid is allowed under the de minimus rules if the total amount of funding received by an organisation does not cumulatively exceed €200,000 over a three-year period.

Any assistance a business has received, or is due to receive, from any public body may count state aid. This could be any aid, grant or support from central, regional or devolved government departments, agencies, or a local authority. The application form requires you to confirm, in order to be eligible to apply for this discretionary rate relief, that you have not received any state aid within the past three financial years.

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Submitting an application for discretionary relief

Completed applications making use of the Council's application form, including all necessary supporting documentation, should be sent to croyndr@croydon.gov.uk or:

Business rates
Croydon Council
5th floor, Bernard Weatherill House
8 Mint Walk
Croydon CR0 1EA

It is the responsibility of the organisation or person applying for relief to provide sufficient information and documentary evidence to support their applications.

Decision Making

A panel made up of council officers from will review all applications and will make recommendations to the relevant Cabinet member/s to make the final decisions.

Period of award

The Council will decide the period that relief will be awarded for depending on the circumstances of the application on a case by case basis.

Unless stated otherwise, relief will be awarded for the current financial year only.

The rate payer remains liable for the rates in full unless and until notified formally by the Council of any relief granted and where full rate relief is not granted, the rate payer remains liable for any remaining rates due once relief has been applied.

Changes in Liability

If there is a change to the organisation's liability during the period of the relief, the following amendments to the awarded amount will apply:

Increase in liability/charge – Where liability/charge increases, the amount of the relief will continue at the rate originally granted for the duration of the relief period;

Reduction in liability/charge – the amount of the relief for the remaining financial year will be in the same proportion/percentage of the new liability/charge as the proportion/percentage of relief initially approved

How payments will be made

Any relief granted will be credited against the business rates bill.

The council will, where necessary, verify information by contacting third parties and appropriate organisations and visit premises to determine any decision about relief.

Relief will cease where the:

- Applicant ceases to be liable for business rates;
- The property for which the relief is granted becomes empty;
- The use of the property changes;
- The aims or objectives of the organisation change

Notification

The Council will inform the ratepayer in writing of the outcome of their application for relief following a decision. Where the application is not successful, the notification will provide full reasons why we have decided not to award relief and provide details of the applicant's right to ask the Council to look at the decision again. Decisions

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will be notified within 28 days of receipt of the application and the rate relief will be applicable from the commencement of the next financial year.

The Council will, as required, give one year's notice of any decision to terminate or alter the amount of relief granted, which will take effect at the end of the financial year.

Where the application is successful, the notification will include the following information:

- the period of the award;
- the percentage of the rate liability awarded for that period;
- the amount of relief to be awarded for the period;
- details of when an amended non-domestic rate demand will be issued;
- the right to ask us to look again at the decision.

Overpayments

The Council will recover all overpayments of discretionary rate relief.

Right of review

If you disagree with a decision made under this policy, you must write and tell us why you think the decision is wrong, i.e. whether you consider the published criteria have been properly applied. An independent panel will look at your case, checking your original application thoroughly and taking account of any information given in your letter. It will then decide whether or not the criteria have been properly applied.

The panel has the authority to:

- confirm the decision;
- change the decision and award you more discretionary rate relief; or
- change the decision and award you less/no discretionary rate relief.

We will write to tell you what has happened, normally within 7 days of decision of the panel. The decision of the review panel is final.

Fraud

The Council is committed to reducing fraud in all its forms. An organisation which tries to fraudulently apply for discretionary rate relief by falsely declaring their circumstances, or providing a false statement or evidence in support of their application, may have committed an offence. Where we suspect that such a fraud may have occurred, the matter will be investigated in line with the Council's Anti-Fraud Strategy. This may lead to criminal proceedings being instigated.

Publicity

The Council will include information about discretionary rate relief with non-domestic rate demands, relevant leaflets and within the Business Rates section of the Council's website.

The Council will wish to publicise instances of support provided to businesses through business rates relief, by making an application you are agreeing to this publicity.

Benefits Realisation

The Council will wish to keep in contact with you to understand how business rates relief has supported economic growth, new jobs created or jobs safeguarded. By making this application you are agreeing to provide such information to the Council on request.

Review

This policy will be reviewed periodically by the Council, taking into account other Council policies and priorities and any changes in legislation.

Application for Local Discretionary Business Rate Relief

Organisation Requesting Relief	
Organisation Name:	
Contact Name:	
Tel:	
Email:	
Property Information	
Address	
Size / Floorspace	
Length of Lease	
Rateable Value	
Business Rates Payable	
Length of time unoccupied (if applicable)	
Business Case / Proposal [Please have regard to the criteria set out in the policy and include here how this proposal will support local job creation, financial stability etc]	
How does this proposal meet the criteria for Croydon Council Business Rates Relief?	

DECLARATION

YOUR APPLICATION FOR RELIEF CANNOT BE ASSESSED UNLESS DATED & SIGNED

I/we hereby confirm that:

I/we am duly authorised to act on behalf of the applicant business for rate relief

I/we certify that the applicant business is not eligible for any mandatory or other discretionary rate relief

I/we have read and understood the Council's Policy for granting Local Discretionary Business Rate Relief (Section 69 Localism Act 2011) and agree to the conditions set out therein being applied to my application and the administration of any discretionary rate relief granted to me as a result of this application.

I/we certify that applicant business has not received any State Aid in the past three financial years.

I/we confirm that information provided in this application is true to the best of my knowledge and that I am/we are required to notify the Council in writing if any circumstances change that may impact on the application or liability of the applicant business for rates and that I/we understand that it is a criminal offence to provide false or misleading information.

I/we hereby consent :

- to the Council to use data/information I/we have provided in the course of this application to carry out all necessary checks with all relevant agencies/organisations for the purposes of making a decision on this application
- to the Council that any overpayments of discretionary rate relief shall be recovered and deducted directly by the Council from our organisation's business rate account.
- consent/do not consent [delete as appropriate] to the Council to use instances of support provided to us through this business rates relief for some publicity and to share same with other agencies/organisation towards the promotion of this service provided by the Council.

In order to protect public funds, the Council may use the information you have provided on this form to prevent and detect fraud. The Council may also share this information for the same purposes, with other organisations that handle public funds

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The information on this form will be used in accordance with the Council's registration under the Data Protection Act 1998 and the Council agrees to comply with the provisions of the Data Protection Act 1998 whilst processing your data during this application.

Signed:

Date:

Full name:

Capacity: Owner / Partner / Director / Other (please specify)

When completed, this form should be returned to:

Business rates
Croydon Council
5th floor
Bernard Weatherill House
8 Mint Walk
Croydon CR0 1EA

FOR OFFICE USE ONLY

ELIGIBILITY CHECKED & VERIFIED	YES / NO
DATE:	SIGNED: