

**COUNCILLOR MIKE FISHER
LEADER OF THE COUNCIL**

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Cabinet 10 February 2014

Items relating to the Council Tax and Budget Setting process

Financial Strategy & Budget 2014-15

1. General Fund & HRA Budget 2014/15

The Cabinet considered a report (**attached as Council Appendix 2**) setting out progress in achieving the objectives of the Council's Financial Strategy 2013/17 and the budgeting plans for 2014/15 which will continue to progress the delivery of that strategy.

The report detailed the revenue and capital budgets for the General Fund for 2014/15, the priorities of the Council's financial investments based on a recommended **no change** in the Croydon element of council tax and Housing Revenue Account (HRA) budget regarding the setting of rents, service charges and the Housing Improvement Programme for 2014/15 based on a recommendation of a 4.9% increase to rent levels for 2014/15.

The report also recommended a council tax efficiency dividend of £25 for 2014/15 and two rent free weeks for tenants in April 2014. The affordability of these one off rebates reflects the focus on strong financial management since 2010 and the ability to use funds built up to manage the council's financial strategy.

Cabinet recommends Council to approve:

- 1.1 no **change to Council Tax for 2014/15** for Croydon and a 1.32% decrease to the Greater London Authority (GLA) precept, on behalf of the GLA on the basis of :-
- 1.2 That a council tax efficiency dividend of £25 be made to all households with a liability for 2014/15 of £25 or more on their Council tax account on the 1st April 2014 where the liability is below £25 they will receive an amount equal to that liability
- 1.3 All budget planning assumptions as detailed in the report;

- 1.4 The programme of revenue investment as set out in Appendix A of the report;
- 1.5 The programme of efficiencies and cuts, as set out in Appendix B of the report;
- 1.6 The capital programme for 2014/15 and capital strategy for 2015/18 as set out in Appendices D & E of the report and the release of the annual highways programme, subject to the following amended figures in Appendix D on page 113 of the Cabinet agenda:
- | | 2014/15 |
|--|-----------|
| | £ |
| Corporate Property Maintenance Programme | 2,930,000 |
| Highways Programme | 7,500,000 |
- 1.7 The Council's detailed budget book as set out in Appendix F of the report;
- 1.8 The overall revenue budgets and council tax levels as set out in Appendices G, H and I of the report;
- 1.9 The statement on reserves and balances and robustness of estimates from the statutory Section 151 Officer;
- 1.10 That with reference to the principles for 2014/15 determined by the Secretary of State under s.s.52ZC(1) of the Local Government Finance Act 1992 (as amended) confirm that in accordance with s.52ZB (1) the Council Tax and GLA precept referred to above are not excessive in terms of the most recently issued principles and as such to note that no referendum is required;
- 1.11 The budget for the Housing Revenue and Capital Accounts for 2014/15 (Appendix K of the report);
- 1.12 The proposed housing investment programme of **£40.504m** (summarised in Appendix M of the report);
- 1.13 A capital allowance of **£10.000m** as detailed in Section 6 of the report.
- 1.14 To recommend to the Council the adoption of the Pay Policy statement at Appendix O of the report;
2. Council notes that Cabinet agreed:

- 2.1 That two weeks rent for all Council tenants' be met by the Council in April 2014 unless their liability for rent is otherwise being met;
- 2.2 Rent increases for all Council tenants for 2014/15, in line with the National formula for social housing rents with the average rent increases from this national formula being **4.9%**;
- 2.3 That the full cost of services provided to those tenants who receive caretaking, grounds maintenance and bulk refuse collection services are recovered via tenants service charges, this being achieved with a **3.7%** increase for 2014/15;
- 2.4 Charges to tenants for garage and parking space rents increase by **4.9%** for 2014/15;
- 2.5 Heating charges for Council tenants to remain unchanged as per Appendix L of the report;

3. That Cabinet noted:

- 3.1 That in respect of the Council's public sector equalities duties where the setting of the capital, revenue and HRA budget result in new policies or policy change the relevant service department will carry out an equality impact assessment to secure delivery of that duty including such consultation as may be required.
- 3.2 The progress being made towards balancing the Council's financial position for 2013/14 as at 30th November 2013 and the current projected outturn forecast of £0.859m before the allocation of corporate contingency of £1.000m, as set out in Table 25 of this report and therefore to note a balanced budget position for 2013/14.
- 3.3 That no recommendations were made to the Cabinet from the Scrutiny & Overview Committee meeting of 17th December 2013 in relation to the budget for 2014/15.

2. Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement & Annual Investment Strategy 2014/15

Cabinet considered a report (**attached as Council appendix 3**) setting out the Council's Treasury Management objectives, which are to manage the Council's cash flows, borrowing and investments minimising the level of risk exposure; maximising investment yield returns; and ensuring that capital expenditure and financing plans are prudent, affordable and sustainable. The report details the activities that will be undertaken by the Council in 2014/15 and the capital borrowing needs of the Council for 2014/15:-

	<u>£m</u>	Total <u>£m</u>
1. In Year Borrowing Requirement	<u>87.2</u>	<u>87.2</u>
2. Total Interest Payable on Debt		
- chargeable to Housing Revenue Account (HRA)	12.6	
- chargeable to General Fund (GF)	<u>15.9</u>	
		<u>28.5</u>

In addition the report details the investment activities and the estimated level of income earned.

Investment Income net of interest apportioned to Non-General Fund accounts e.g. HRA and Schools' cash balances	<u>(2.0)</u>	<u>(2.0)</u>
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Cabinet **recommends** Council to approve:

1. The Treasury Management Strategy Statement 2014/15 as set out in paragraphs 3.1 to 3.3 of the Cabinet report including the recommendations that:
 - 1.1 The Authority takes up the balance of its 2013/14's borrowing requirement and future years' borrowing requirements, as set out in paragraph 3.3 of the Cabinet report.
 - 1.2 That for the reasons detailed in paragraph 3.7 of the report, opportunities for debt rescheduling are reviewed throughout the year by the Director of Finance & Assets and that, in consultation with the Council's independent treasury advisers, he is given delegated authority to undertake such rescheduling only if revenue savings or additional cost avoidance can be achieved at minimal risk in line with organisational considerations and with regard to the Housing Revenue Account (HRA) as set out in the Council's Financial Strategy.
 - 1.3 That the Treasury Management Strategy Statement be continually monitored and in the event that interest rates move materially, a further report be submitted to Corporate Services Committee to consider any consequent changes to it considered necessary to protect the Council's position.
 - 1.4 That delegated authority be given to the Director of Finance & Assets to make any necessary decisions to protect the Council's financial position in light of market changes or investment risk exposure.
 - 1.5 That, a mid-year monitoring report on treasury activities and periodic reports on investments be made to Corporate Services Committee.

2. The Annual Investment Strategy as set out in paragraph 3.5 and as detailed in Appendix B of the Cabinet report.

3 That the Affordable Borrowing Limits (required by Section 3 of the Local Government Act 2003) as set out in paragraph 3.6 of the report and as detailed in Appendix C of the Cabinet report be as follows:

2014/15	2015/16	2016/17
£931.7m	£1,014.0m	£1,020.3m

4 The Prudential Indicators as set out in paragraph 3.8 and in Appendix D of the Cabinet report.

5 The Annual Minimum Revenue Provision Policy Statement (required by SI 2008/414) as set out in paragraph 3.9 of the report and as detailed in Appendix E of the Cabinet report.

6 The Council's authorised counterparty lending list as at 31st December 2013 as set out in Appendix F of the Cabinet report and the rating criteria set for inclusion onto this list.