

Cabinet Member	Director	Division	Service	Type of Saving	SAVINGS OPTIONS	FTE's	2016/17 £m	2017/18 £m	2018/19 £m	Total £m
Cllr WATSON	Andy Opie	Safety	Community & Safety	Savings	Review of licencing and FPN's income generation to assist the achievement of the Council's community safety policies.	0.0	(0.025)	0.000	0.000	(0.025)
Cllr WATSON	Andy Opie	Safety	Community & Safety	Savings	Eyes & Ears Phase 1	-6.0	(0.245)	0.000	0.000	(0.245)
Cllr WATSON	Andy Opie	Safety	Community & Safety	Savings	Eyes & Ears Phase 2	-8.0	(0.490)	0.000	0.000	(0.490)
Cllr GODFREY/Cllr BEE/Cllr BUTLER	Steve Iles/Stephen Tate/ Colm Lacey	Streets/District Centres & Regeneration	Leisure Services/Highways /Capital Delivery	Savings	Other - Operational costs savings at Monks Hill Sport Centre. - Coring Programme regarding work undertaken by utility companies - Maximising Capital recharges	0.0	(0.150)	(0.040)	0.000	(0.190)
Cllr BEE	Steve Iles	Streets	Highways	Savings	Streets Restructure	-3.0	(0.150)	0.000	0.000	(0.150)
Cllr BUTLER	Pete Smith	Planning	Development Management	Savings	Increased income via applications (volume and fee increase expected over time) and pre-applications (moves towards full cost recovery)	0.0	0.000	(0.100)	0.000	(0.100)
Cllr BUTLER	Colm Lacey	Development	Development	Savings	Review Charging to HRA for Council new build Programme	0.0	(0.300)	0.000	0.000	(0.300)
Cllr BUTLER	Pete Smith	Planning	Development Management	Savings	Restructure in Planning Division brought about by improving the efficiencies of the services	-8.0	(0.204)	(0.009)	0.000	(0.213)
Cllr COLLINS	Steve Iles	Streets	Waste and Recycling/Street Cleaning	Savings	Green Garden Waste: Two Options: 1. Green Garden Waste Income if we introduce a chargeable service, depending on uptake decision being made first week of January following expressions of interest, intention is for the service to be cost neutral 2. Ending the current free green garden waste service and no chargeable service.	0.0	(1.600)	0.000	0.000	(1.600)
Cllr BEE	Andy Opie	Safety	Parking	Savings	Parking Income changes	0.0	(1.000)	0.000	0.000	(1.000)
Cllr COLLINS	Steve Iles	Streets	Waste and Recycling/Street Cleaning	Savings	Street Lighting Policy – consideration for prices fluctuation on energy, we are waiting for confirmation from the Lazer consortium.	0.0	(0.143)	0.000	0.000	(0.143)
Cllr BUTLER	Pete Smith	Planning	Planning	Savings	To reflect increased development and planning activity	0.0	(0.250)	0.000	0.000	(0.250)
Cllr GODFREY	Stephen Tate	Streets/District Centres & Regeneration	Green Spaces	Savings	Review of opportunities to bring in more income to support activities in parks	0.0	(0.100)	0.000	0.000	(0.100)
<b>PLACE - TOTAL OPTIONS</b>						<b>(25.0)</b>	<b>(4.657)</b>	<b>(0.149)</b>	<b>0.000</b>	<b>(4.806)</b>

Cabinet Member	Director	Division	Service	Type of Saving	Options	FTE	16/17 £m	17/18 £m	18/19 £m	TOTAL £m
Cllr HALL	Graham Cadle	CT &CS	Revenue and Benefits	Savings	Revenues Services - Creation of in-house bailiff service	0.0	(0.300)	(0.200)	0.000	(0.500)
Cllr HALL	Graham Cadle	CT &CS	Revenue and Benefits	Savings	Revenues Services - Improved collection processes for corporate debt	0.0	(0.125)	(0.020)	0.000	(0.145)
Cllr HALL	Graham Cadle	CT &CS	Business Support	Savings	Business Support - Deployment of new technology and expansion of scanning - Transformation of Departmental Support	0.0	(0.123)	(0.063)	0.000	(0.186)
Cllr HALL	Graham Cadle	CT &CS	Revenue and Benefits	Savings	Revenues & Benefits - Process review and introduction of automation technology	-2.0	(0.170)	(0.060)	0.000	(0.230)
Cllr HALL	Graham Cadle	CT &CS	Information Communication Technology	Savings	ICT Services - Effective Contract Management	0.0	(0.836)	(0.250)	0.000	(1.086)
Cllr HALL	Graham Cadle	CT &CS	Information Communication Technology	Savings	ICT Services - Reduction in infrastructure requirements as a consequence of reduced staffing numbers - Integrations and Consolidation of ICT Applications - Reduction in costs for major contracts and licensing	0.0	(0.096)	(0.273)	0.000	(0.369)
Cllr HALL	Graham Cadle	CT &CS	Business Support	Savings	Digital by Design and Enabling - Croydon Challenge Programme	0.0	(0.580)	0.000	0.000	(0.580)
Cllr HALL	Graham Cadle	CT &CS	Strategy & Development Division	Savings	Strategy & Development - Implementing of Digital Advertising scheme across the borough	0.0	(0.250)	(0.500)	0.000	(0.750)
Cllr HALL	Graham Cadle	CT &CS	Development Division	Savings	Review of the Communications Team	0.0	(0.100)	0.000	0.000	(0.100)
Cllr WATSON	Graham Cadle	CT &CS/HR	Contact Centre Division/Strategy & Development Division/Corporate Learning and Organisational	Savings	Contact Centre - Online service delivery and systems integration - Customer contact service system improvements -Strategy & Development - Cloud Hosting of Web based services	0.0	(0.090)	(0.083)	0.000	(0.173)
Cllr HALL	Julie Belvir	Democratic & Legal	Legal Services	Savings	Legal Services - Introduction of Gateway to more effective management council-wide legal expenditure	0.0	(0.200)	(0.050)	(0.050)	(0.300)
Cllr HALL	Julie Belvir	Democratic & Legal	Scrutiny and Civic Services	Savings	Democratic Services - Review of the Scrutiny structure, and Relocation of the Coroners Services	-2.0	(0.130)	0.000	0.000	(0.130)
Cllr HALL	Richard Simpson	Finance & Assets	Risk Insurance & Business Continuity/Asset Management & Estate/	Savings	Finance and Assets Other -Insurance - Review of the claims handling -Asset Management - Community Asset Transfer (Stanley Halls and Selsdon Halls) -Corporate Governance - Deletion of Manager post in the Governance team -Internal Audit - Reduction in Internal Audit Days	-1.0	(0.245)	0.000	0.000	(0.245)
Cllr HALL	Richard Simpson	Finance & Assets	Asset Management & Estate	Savings	Asset Management - Increased income for improved space utilisation in BWH and other office space	0.0	(1.500)	(1.500)	0.000	(3.000)
Cllr HALL	Richard Simpson	Finance & Assets	Facilities Management	Savings	Facilities Management - Reprocurement of the Contract	0.0	(0.500)	(0.200)	0.000	(0.700)
Cllr HALL	Richard Simpson	Finance & Assets	Finance	Savings	Finance Services - EIB Loan to fund future debt for capital programme	0.0	(0.500)	0.000	0.000	(0.500)
Cllr HALL	Richard Simpson	Finance & Assets	ALL	Savings	Finance & Assets - One Oracle review of shared transactional services	-6.0	0.000	(0.250)	0.000	(0.250)
Cllr HALL	Richard Simpson	Finance & Assets	HR and Finance Service Centre	Savings	HR & Finance Service Centre - One Oracle	-3.0	(0.100)	0.000	0.000	(0.100)
Cllr HALL	Heather Daley	HR	HR Partners and Consultants	Savings	HR - Review of staffing structure and Trade Union Facility time	-3.0	(0.133)	(0.010)	0.000	(0.143)
Cllr HALL	Heather Daley	HR	Corporate Learning and Organisational Development	Savings	Learning & Development - Review of council-wide resources	0.0	(0.050)	0.000	0.000	(0.050)
Cllr HALL	Sarah Ireland	SCC	SCC Division	Savings	SCC - Reshaping of services to meet the organisations future needs - Consolidation and Restructure of Commissioning Services - Procurement Taskforce - Review of key corporate contract arrangements - Introduction of an alternative service delivery model for SCC	-2.0	(0.200)	(0.300)	0.000	(0.500)
Cllr HALL	Sarah Ireland	Voluntary Sector Funding	Voluntary Sector Funding	Savings	SCC - Review of Voluntary Sector Funding to achieve Outcomes	0.0	(0.200)	(0.200)	0.000	(0.400)
<b>RESOURCES - TOTAL OPTIONS</b>						<b>(19.0)</b>	<b>(6.428)</b>	<b>(3.959)</b>	<b>(0.050)</b>	<b>(10.437)</b>

Division	Service	Type of Saving	Options	FTE	2016/17 £m	2017/18 £m	2018/19 £m	Total £m
Adult Care Services	Assessment & Case Management	Dept. Growth	Non specific vulnerable adults packages increase in demand. We are anticipating a growth in this area due to the 'wellbeing duty' in the Care Act which would need to include this client cohort.	0.0	0.400	0.000	0.000	0.400
Adult Care Services	Assessment & Case Management	Dept. Growth	To realign the budget as a result of rising demand and the complexity of cases.	0.0	1.950	0.000	0.000	1.950
Integrated Commissioning / Adult Care Services	Assessment & Case Management	Dept. Growth	Changes in regulations on Ordinary Residence has increased Croydon Council's liability for clients	0.0	0.460	0.000	0.000	0.460
Adult Care	Assessment & Case Management	Savings	Resilience & Transition to Adults - reduction in transition costs for 18 - 25 yr olds Learning Disability & Physical Disability - 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.	0.0	(0.173)	(0.150)	0.000	(0.323)
Adult Care	Assessment & Case Management	Savings	Learning Disability Day Services - service review - Some service users will be empowered to utilise other universal and community services rather than attend traditional day care	0.0	(0.250)	(0.250)	0.000	(0.500)
Integrated Commissioning / Adult Care Services	Assessment & Case Management	Savings	Review of commissioning arrangements to include strengthened arrangements for using the IFA	0.0	0.000	(0.128)	0.000	(0.128)
Adult Care	Assessment & Case Management	Savings	Learning Disability - Commissioners to review Learning Disability respite care provision and re tender. - Commissioners to work with Learning Disability care home and supported living providers to ensure that providers fund the day care for these residents as the fees we pay them includes this element.	0.0	(0.100)	(0.194)	0.000	(0.294)
Adult Care	Assessment & Case Management	Savings	Transitions (Learning Disability and Physical Disability 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	0.0	0.000	(0.100)	(0.150)	(0.250)
Adult Care	Assessment & Case Management	Savings	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	0.0	(0.317)	(0.327)	0.000	(0.644)
			<b>Total Learning Disability</b>	<b>0.0</b>	<b>1.970</b>	<b>(1.149)</b>	<b>(0.150)</b>	<b>0.671</b>
Adult Care	Assessment & Case Management	Savings	Needs and Asset Assessment redesign to meet Care Act requirements - This is a project to manage demand through a restructure of Adult Social Care operations plus to change the culture of our practice; provide asset based assessments and to increase more choice and control through personal budgets and direct payments	0.0	0.000	(0.380)	0.000	(0.380)
Integrated Commissioning / Adult Care Services	Director of Commissioning	Savings	Managing the Care Market - accounting differently for VAT thereby enabling providers to reclaim VAT on welfare services leading to reduced individual placement costs.	0.0	(0.200)	0.000	0.000	(0.200)
Integrated Commissioning / Adult Care Services	Assessment & Case Management	Savings	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.	0.0	0.000	(0.250)	0.000	(0.250)
Adult Care Services	Assessment & Case Management	Dept. Growth	Readjustment of Domiciliary Care Budget for Older People. The current budget of £4.5m is unrealistic compared against benchmarked authorities - authorities of a similar (but lesser) size of population and need, have budgets which are set 40 - 50% higher than Croydon's. The complexity of cases has increased over time without linked increases in budget, this growth is in place to re-address this imbalance.	0.0	3.000	0.000	0.000	3.000
Adult Care	Assessment & Case Management	Savings	Review of partnership funding responsibilities through the review of client pathways.	0.0	(0.750)	(0.750)	(0.500)	(2.000)
Adult Care	Early Intervention & Reablement	Savings	Early Intervention and Reablement Other - Early Intervention and Reablement (In-house provider service efficiencies) - This efficiency will be found through more efficient use of the Addington Heights reablement centre - Careline Plus contract and service review. Re procurement of contract.	0.0	(0.114)	0.000	0.000	(0.114)
Adult Care	Adult Care	Savings	Meals on Wheels - Increase in charges	0.0	(0.125)	0.000	0.000	(0.125)
Adult Care	Adult Care	Savings	Redesign of catering services to special sheltered blocks	0.0	(0.240)	0.000	0.000	(0.240)
			<b>Total Older People</b>	<b>0.0</b>	<b>1.571</b>	<b>(1.380)</b>	<b>(0.500)</b>	<b>(0.309)</b>
Adult Care Services	Assessment & Case Management	Dept. Growth	Transitional Growth - increased numbers of Children with disabilities moving to Adult services	0.0	0.800	0.800	0.800	2.400
Adult Care Services	Assessment & Case Management	Dept. Growth	DOLS - increase in burden due to High Court Judgement - this is over and above any funding we may receive from the DH (this year it was £140K).	0.0	0.250	0.250	0.000	0.500
Adult Care Services	Integrated Commissioning / Adult Care Services	Savings	Review of commissioning arrangements to include strengthened arrangements for using the IFA	0.0	(0.100)	0.000	0.000	(0.100)
			<b>Total Physical Disabilities</b>	<b>0.0</b>	<b>0.950</b>	<b>1.050</b>	<b>0.800</b>	<b>2.800</b>
Integrated Commissioning / Adult Care Services	Commissioning Older People & Long Term Conditions	Savings	Community Resources - Using resources in the community efficiently for self help and support and reducing the use of statutory services.  Facilitate culture change to encourage wider use of community resources, expand the use of Community Navigators to increase participation & promote the use of information and advice	0.0	0	(0.475)	0.000	(0.475)
Integrated Commissioning / Adult Care Services	Commissioning Older People & Long Term Conditions	Savings	Older People Commissioning - Care UK concierge at 6 special sheltered homes to be charged to Housing Benefit	0.0	(0.200)	0.000	0.000	(0.200)
Integrated Commissioning / Adult Care Services	Director of Commissioning	Savings	Joint QIPP/Council efficiency programme: a more coordinated approach to delivery of agreed efficiencies / cost improvement projects involving health and social care.	0.0	(0.210)	(0.150)	0.000	(0.360)
Integrated Commissioning / Adult Care Services	Integrated Commissioning / Working Age Adults	Savings	<b>Integrated Commissioning and Adult Care Services</b> : Supported Housing Efficiencies - retendering of contracts. Retendering of a range of existing supported housing contracts at a lower unit cost. - Review of functions in ICU which are CCG/NHS (staff saving) - Obtain more income from NHS	0.0	(0.145)	(0.075)	0.000	(0.220)
Integrated Commissioning / Adult Care Services	Integrated Commissioning / Working Age Adults	Savings	<b>Shared Lives</b> : - 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. Develop additional supported living schemes which will enable Case Management to implement more flexible support packages. - Expansion of in house service to other groups eg vulnerable young people. - Expansion of the current scheme within existing resources to provide increased low cost placements. Expansion of "Croydon Lodging for Families" scheme to single adults who are formally looked after children with no recourse to public funds and where the council is paying in excess of the current placement cost for the current target group.	0.0	(0.125)	(0.050)	0.000	(0.175)

Integrated Commissioning / Adult Care Services	Adult Social Care - Mental Health	Savings	<b>Mental Health :</b> Review of Mental Health 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. - Younger Adults s117 - less costly way of enabling people to access housing benefit. - Diversion of costs from B and B budget to Housing Benefit. - Outcome Based Commissioning 5% saving. -Population based capitation method of contracting for health and social care services for adults experiencing mental ill-health .	0.0	(0.062)	(0.384)	0.000	(0.446)
			<b>Total Integrated Commissioning</b>		<b>(0.742)</b>	<b>(1.134)</b>	<b>0.000</b>	<b>(1.876)</b>
Housing Need	Housing Needs and Assessments	Dept. Growth	Increased demand in emergency accommodation and homelessness	0.0	0.500	0.000	0.000	0.500
Housing Need	Housing Needs and Assessments	Savings	Review of Service :- - Streamline the structure of the Housing Need Division - Income collection from tenants car park permits - Expansion of Empty Properties Programme - Fraud detection for Temporary Accommodation	0.0	(0.260)	(0.006)	0.000	(0.266)
			<b>Total Housing</b>	<b>0.0</b>	<b>0.240</b>	<b>(0.006)</b>	<b>0.000</b>	<b>0.234</b>
Children & Family Early intervention and Children's Social Care	Looked After Children	Savings	<b>Looked After Children - LAC</b> - 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	0.0	0.000	(0.382)	0.000	(0.382)
Children & Family Early intervention and Children's Social Care	Looked After Children inclusion	Dept. Growth	Special Guardianship Order / Residence Order / Adoption allowance - rate increases	0.0	0.250	0.000	0.000	0.250
Children & Family Early intervention and Children's Social Care	Looked After Children	Savings	Re-commission of contact assessments to one provider.	0.0	(0.050)	(0.150)	0.000	(0.200)
Children & Family Early intervention and Children's Social Care	Looked After Children	Savings	Human Rights Assessments introduced for children under no recourse to public funds.	0.0	0.000	(0.250)	0.000	(0.250)
			<b>Total LAC</b>	<b>0.0</b>	<b>0.200</b>	<b>(0.782)</b>	<b>0.000</b>	<b>(0.582)</b>
Children & Family Early intervention and Children's Social Care	EISS	Savings	<b>Family Based Intervention Savings:</b> - Review of all commissioned services to reduce contract rates and create service efficiencies. - Delete traded service - Forestry Project (discretionary) - Additional childcare places previously commissioned from nursery schools to be part of an integrated education offer funded by the DSG.	0.0	(0.098)	0.000	0.000	(0.098)
Children & Family Early intervention and Children's Social Care	Safeguarding	Dept. Growth	Sexual exploitation Co coordinator - additional post	1.0	0.050	0.000	0.000	0.050
Children & Family Early intervention and Children's Social Care	EISS	Savings	Youth Service and Early Help Service restructure	TBC	(0.152)	(0.450)	0.000	(0.602)
Children & Family Early intervention and Children's Social Care	Children In Need Service	Savings	<b>Children In Need Service CIN</b> - Demand management reduction - - Re procurement of Young Carers Framework - Review of residential placements for children with special needs thus reducing the care element of these costs.	0.0	(0.164)	(0.595)	0.000	(0.759)
			<b>Total Other CSC</b>	<b>1.0</b>	<b>(0.364)</b>	<b>(1.045)</b>	<b>0.000</b>	<b>(1.409)</b>
Children & Family Early intervention and Children's Social Care	Inclusion Learning Access & SEN	Savings	SEN Transport - Contract Renegotiations	0.0	0.000	(1.583)	(0.256)	(1.839)
Children & Family Early intervention and Children's Social Care	Inclusion Learning Access & SEN	Dept. Growth	Increased demand in SEN transport - to be reduced once ELT agree on Wednesday	0.0	1.000	0.000	0.000	1.000
			<b>Total SEN</b>	<b>0.0</b>	<b>1.000</b>	<b>(1.583)</b>	<b>(0.256)</b>	<b>(0.839)</b>
Gateway and Welfare Services	Welfare and Benefits Services	Savings	Reducing the cost of homelessness through increased prevention and intervention.	0.0	0.000	(0.300)	0.000	(0.300)
Gateway and Welfare Services	Bereavement Services	Savings	Bereavement - Bring services together, staff savings, review fees and charges, introduction of non-service cremations	0.0	(0.181)	(0.145)	0.000	(0.326)
Gateway and Welfare Services	Registrars	Savings	Registrars - service restructure and increased charges, introduction of non-refundable deposits	0.0	(0.171)	(0.100)	0.000	(0.271)
Gateway and Welfare Services	Bereavement Services	Savings	Income from Pet Cremations/ Bereavement / Registrars restructure	0.0	0.000	(0.050)	0.000	(0.050)
			<b>Total Gateway &amp; Welfare</b>	<b>0.0</b>	<b>(0.352)</b>	<b>(0.595)</b>	<b>0.000</b>	<b>(0.947)</b>
Universal People Services	All	Savings	Universal People Services -Children and Family Partnership - end officer support for engagement strategy -Improve Library services through partnership development/community management Octavo contract savings of 5% in 2016/17 & 10% in 2017/18 Delete Finance Manager Post in School Standards and Commissioning -Admissions and place planning - coordinated admissions training to academies and traded service school appeal presenting officer Removal of contingency funding provided in 2015/16 as part of the Mutual restructure Permanent removal of the apprentice that was not recruited to as part of the 2015/16 in year savings	-2.0	(0.217)	(0.595)	0.000	(0.812)
Universal People Services	Culture	Savings	Cease Grant to Fairfield Halls	0.0	(0.787)	0.000	0.000	(0.787)
Universal People Services	Culture	Dept. Growth	Creation of Culture Budget	0.0	0.250	0.000	0.000	0.250
			<b>Total Universal Services</b>	<b>(2.0)</b>	<b>(0.754)</b>	<b>(0.595)</b>	<b>0.000</b>	<b>(1.349)</b>
			<b>TOTAL PEOPLE OPTIONS</b>	<b>(1.0)</b>	<b>3.719</b>	<b>(7.219)</b>	<b>(0.106)</b>	<b>(3.606)</b>

<b>GROWTH</b>	8.910	1.050	0.800	10.760
<b>SAVINGS</b>	(5.191)	(8.269)	(0.906)	(14.366)

## Agenda Item 8.1 Cabinet Report 22nd February 2016

**SUMMARY OF REVENUE ESTIMATES - FINANCIAL STRATEGY PLANNING MODEL**

SERVICE DEPARTMENT	2016/17 Budget £'m	Estimated 2017/18 Budget £'m	Estimated 2018/19 Budget £'m	Estimated 2019/20 Budget £'m
People	196.208	189.108	189.502	188.702
Place	51.752	51.603	51.853	51.353
Resources	22.338	18.304	18.404	18.192
Corporate Items	11.430	11.430	11.430	11.430
<b>NET EXPENDITURE</b>	<b>281.728</b>	<b>270.445</b>	<b>271.189</b>	<b>269.677</b>
Contribution to provisions for Doubtful Debts	0.180	0.180	0.180	0.180
Interest (Net)	15.583	15.583	17.083	18.583
Deferred Charges	(3.697)	(3.697)	(3.697)	(3.697)
Revenue Expenditure Funded by Capital Under Statute (REFCUS)	(2.100)	(2.100)	(2.100)	(2.100)
Capital Asset Charges Adjustment	(17.981)	(17.981)	(17.981)	(17.981)
Risk Contingency	1.000	1.000	1.000	1.000
Contributions to (from) Earmarked Reserves	0.000	0.000	0.000	0.000
Core Grants	(16.238)	(14.738)	(14.738)	(14.738)
Levies	1.524	1.524	1.524	1.524
Demand Led Service Growth	0.000	5.000	10.000	15.000
Budget Gap Carried Forward	0.000	0.000	(4.417)	(10.744)
Budget Gap	0.000	(4.417)	(10.744)	(11.305)
<b>TOTAL ADJUSTED BUDGET REQUIREMENT</b>	<b>259.999</b>	<b>250.799</b>	<b>247.299</b>	<b>245.399</b>
<b>Financed by:</b>				
Revenue Support Grant	46.800	32.400	23.700	16.600
Business Rates Top Up Grant	33.230	33.230	33.230	33.230
Business Rates Income	32.732	32.732	32.732	32.732
Collection Fund Surplus/Deficit	3.748	3.748	3.748	3.748
<b>Croydon Tax Element</b>	<b>143.489</b>	<b>148.689</b>	<b>153.889</b>	<b>159.089</b>
Greater London Authority Precept Element	32.511	32.511	32.511	32.511
<b>TOTAL COUNCIL TAX REQUIREMENT</b>	<b>176.000</b>	<b>181.200</b>	<b>186.400</b>	<b>191.600</b>

Appendix D  
Agenda Item 8.1 Cabinet Report 22nd  
February 2016

**COUNCIL TAX 2016/17 ANALYSED OVER ALL COUNCIL TAX BANDS**

Band	2015/16	2015/16	2015/16	2016/17	2016/17	2016/17	2016/17
	Croydon	GLA	Total	Croydon	Croydon	GLA	Total
	Council Tax	Precept	Tax	Council Tax	Adult Social Care Levy	Precept	Council Tax
	£	£	£	£	£	£	£
A	780.93	196.67	977.60	796.47	15.62	184.00	996.09
B	911.08	229.44	1,140.52	929.21	18.22	214.67	1,162.10
C	1,041.24	262.22	1,303.46	1,061.96	20.83	245.33	1,328.12
<b>D</b>	<b>1,171.39</b>	<b>295.00</b>	<b>1,466.39</b>	<b>1,194.70</b>	<b>23.43</b>	<b>276.00</b>	<b>1,494.13</b>
E	1,431.70	360.56	1,792.26	1,460.19	28.64	337.33	1,826.16
F	1,692.01	426.11	2,118.12	1,725.68	33.84	398.67	2,158.19
G	1,952.32	491.67	2,443.99	1,991.17	39.05	460.00	2,490.22
H	2,342.78	590.00	2,932.78	2,389.40	46.86	552.00	2,988.26

Band D % Change			
Croydon Council Tax	Croydon Adult Social Care Levy	GLA Precept	Overall Increase
1.99%	2.00%	-6.44%	1.89%
£23.31	£23.43	<b>-£19.00</b>	£27.74

2016/17	Annual increase	Weekly Increase
BAND	£	£
A	18.49	0.36
B	21.58	0.42
C	24.66	0.47
<b>D</b>	<b>27.74</b>	<b>0.53</b>
E	33.90	0.65
F	40.07	0.77
G	46.23	0.89
H	55.48	1.07

OVERALL CHANGE
<b>1.89%</b>

**RECOMMENDATIONS FOR COUNCIL TAX REQUIREMENT 2016/17**

The Cabinet has considered a report in respect of the level of Council Tax for 2016/17 and the setting of the Council's Revenue and Capital Budgets for the forthcoming financial year. The Cabinet also had copies of the draft Budget Book for 2016/17.

In summary, the Cabinet recommends to the Council a 2016/17 Council Tax at Band D for Croydon purposes of £1,194.70, in addition a 2% increase for the Adult Social Care Levy £23.43, GLA Precept of £276.00, giving an overall Band D charge, £1,494.13, a 1.99% increase for Croydon Council, a 2% increase for the adult social care levy and a £19.00 reduction for the GLA.

Following detailed consideration, the Cabinet recommends that the Council should:

- (1) Approve the 2016/17 Revenue Budget of £259.999m, a decrease in budget requirement of 3.07%
- (2) Approve the 2016/17 Council Tax Requirement of £143.489m.

**Appendix E**

**Agenda Item 8.1 Cabinet Report 22nd February 2016**

Calculation of Council Tax Requirement		£'000	£'000	£'000
(A)	Expenditure and other charges (as set out in section 31A(2) (a) to (f) of the Act)			
(i)	expenditure on Croydon's services, local precepts and levies		934,382	
(ii)	allowance for contingencies		1,000	
(iii)	transfer to General Reserves		0	
(iv)	transfer to Earmarked Reserves		0	
(v)	transfer from the General Fund from the Collection Fund in respect of prior year deficit on the Collection Fund,		0	935,382
	<i>Less</i>			
(B)	Income and other credit items (in Section 31A(3) (a) to (d) of the Act)			
(i)	Income from services		659,145	
(ii)	Transfer to the General Fund from the Collection Fund in respect of prior year surplus on the Collection Fund,		3,748	
(iii)	Income from Government			
	Core Grants	16,238		
	Business Rates Top Up Grant	33,230		
	Business Rates Income	32,732		
	Revenue Support Grant	46,800	129,000	791,893
	<i>Equals</i>			
(C)	The Council Tax Requirement, i.e. the amount by which the expenditure and other charges exceed the income and other credits.* This is (A) above less(B) above (as per Section 31A(4) of the Act)			143,489
<b>Calculation of basic amount of council tax</b>				
(C)	Council Tax Requirement			143,489
	<i>Divided by</i>			
(D)	The Council's Tax base			117,795
	<i>Equals</i>			
(E)	The Basic amount of Council Tax (i.e., the Council Tax for a Band D property to which no relief or exemption is applicable) for services charged to Croydon's General Fund (This is (C) above divided by the tax base at (D) as per Section 31(B) of the Act)			£1,218.13
	* The exact figure is £143,489,623			



**Appendix E**  
**Agenda Item 8.1 Cabinet Report 22nd February 2016**

(F) The tax for different bands calculated as follows (as per Section 36(1) of the Act):

<b>Council Tax for Croydon for 2016/17</b>	
Band A	6/9 x £1,218.13 = £812.09
Band B	7/9 x £1,218.13 = £947.43
Band C	8/9 x £1,218.13 = £1,082.79
<b>Band D</b>	<b>9/9 x £1,218.13 = £1,218.13</b>
Band E	11/9 x £1,218.13 = £1,488.83
Band F	13/9 x £1,218.13 = £1,759.52
Band G	15/9 x £1,218.13 = £2,030.22
Band H	18/9 x £1,218.13 = £2,436.26

(G) to which is added the following precept (issued by the Mayor of London, in exercise of the powers conferred on him by sections 82, 83, 85, 86, 88 to 90, 92 and 93 of the Greater London Authority Act 1999 (“the 1999 Act”) and sections 40, 47 and 48 of the Local Government Finance Act 1992 (“1992 Act”))

<b>GLA Precept for 2016/17</b>	
Band A	184.00
Band B	214.67
Band C	245.33
<b>Band D</b>	<b>276.00</b>
Band E	337.33
Band F	398.67
Band G	460.00
Band H	552.00

(H) That, having calculated the aggregate in each case of the amounts at (F) and (G) above the Council, in accordance with section 30(2) of the local government finance act 1992, hereby set the following amounts as the amounts of council tax for the year 2016/17 for each of the categories of dwellings shown below:-

<b>Total Council Tax For 2016/17</b>	
Band A	996.09
Band B	1,162.10
Band C	1,328.12
<b>Band D</b>	<b>1,494.13</b>
Band E	1826.16
Band F	2,158.19
Band G	2,490.22
Band H	2,988.26

Shafi Khan  
Department for Communities and Local Government  
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London  
SW1P 4DF

[LGFConsultation@communities.gsi.gov.uk](mailto:LGFConsultation@communities.gsi.gov.uk)

Dear Sir,

## **Local Government Provisional Finance Settlement 2016/17 - Consultation Response**

### **General**

The London Borough of Croydon welcomes the opportunity to comment on the Government's technical consultation in respect of the Local Government Finance Settlement 2016/17.

The consultation focuses on technical matters associated with the local government finance settlement rather than the more significant issue of the scale of reduction in local government funding. We remain concerned at the significant level of cuts that are planned within local government which will witness SFA falling by 28% by 2018/19 for London boroughs. Since 2010, local authorities have experienced major cuts to grant funding and by 2019 the change in the level of grant that funds our controllable budgets will be reduced on a like for like basis by approximately £74 million (52%). It is clear that local government continues to bear a disproportionate share of the reductions in public spending without any real assessment of the impact that reductions are having on the provision of Council services, particularly those provided to some of the most vulnerable people in our communities. As a consequence, this is placing extreme pressure on our ability to deliver the range of services and standard of service that our local residents both expect and should statutorily receive.

### **Disproportionate population growth and demographic changes**

Quite apart from the overall pressures faced by local government, Croydon in particular experiences disproportionate population growth. Census information and demographic change projections show that Croydon is experiencing larger increases in need than most of the rest of England and Wales. It is currently anticipated that

Croydon's population is expected to grow by 8% over the period 2013 to 2020 more than twice the national average. This produces large increases in demand for the Council's services and its budgets.

Croydon along with a number of other outer London authorities has provided representations over the past 12 months on the impact of population and demographic change within London since the system was frozen in 2013. The system of damping which was locked in, in 2013 penalises Croydon relative to other authorities, as the system does not capture population increase or need change. The argument put forward by the government was that the system was frozen for 8 years, however the draft settlement now proposes a change to how revenue support grant reductions work which the impact of further protecting the grant of those authorities who are already protected by damping.

### **Impact of protection for grant dependent Authorities**

The Provisional Local Government Finance Settlement for 2016/17 is intended to offer authorities that are heavily dependent on central funding relative protection on the impact of cuts in funding over the next four years. It allocates central funding in a way that ensures that councils receive the same percentage change in what is defined as 'settlement core funding', i.e. Council Tax and central funding. This therefore benefits Councils which obtain a relatively small proportion of their income from Council Tax, whether because Council Tax levels have historically been low, or because property in those areas had a relatively low value in the Council Tax valuation year of 1991.

Outer London boroughs such as Croydon are seeing greater than average population growth, and therefore increasing needs, as compared with inner London boroughs. However, they have traditionally had relatively high Council Tax income, so are treated in the 2016/17 Finance Settlement as not requiring 'protection'. Meanwhile, inner London boroughs, with historically low levels of Council Tax income, benefit from protection.. This appears completely irrational.

Croydon loses £2.8 million in 2016/17 through this new methodology.

### **Damping**

'Protection' fails to deal with an underlying problem with local government funding arrangements. It uses the same starting point for all Councils when allocating the percentage change, so it fails to address the discrepancy in the respective starting point for different Councils. This 'starting point' is based on the Government's assessment of local needs when the current local government funding mechanism

was introduced in 2013/14. But this assessment of local needs was itself distorted because the 2013/14 funding assessment embedded a 'damping' factor included in the assessment for that year.

Damping was intended as a transitory measure to minimise year-on-year fluctuations in funding; however, the 'freeze' in funding shares in 2013/14 effectively locked this damping into settlements potentially until 2020.

In 2013/14 Croydon lost £10.8 million in damping. As grant levels have been reduced overall, the impact of damping reduces, but in 2015/16 the Council still lost an estimated £7.5m million in funding as a result of damping.

The use of damping within the Formula Grant element of funding continues to be an area of concern for Croydon. If the damping factor is not removed, the grant distribution methodology fails to recognise demand pressures and increased need, and the Council is faced with an historic challenge in the delivery of balanced and sustainable spending plans over the foreseeable future.

#### **Four year settlements**

Croydon welcomes the fact that Government has listened to local government and set out four year allocations to give funding certainty over the whole Spending Review period. Funding certainty is a key principle we believe should underpin any local government finance system, and a multi-year settlement is something we asked for in our Spending Review submission.

However, we are concerned that the Government's "offer" to local government is particularly vague, and that we are being asked to sign up to a deal based on limited information. We are surprised by the lack of detail about the process for agreeing funding allocations, in particular about what the efficiency plans to be submitted in return for a four year settlement should contain, and when councils will have to submit them. The consultation document refers to strengthening financial management and efficiency, maximising value in arrangements with suppliers and making strategic use of reserves in the interests of residents. Clarity over the requirements of efficiency plans in each of these areas is needed before councils can agree any offer.

In addition, we ask that the Government clarifies, as soon as is possible, exactly what is fixed for 4 years in the offer to councils. The recent shift in policy position by the Government on social rent reductions, which made the 30-year "deal" for HRA self-financing settlements obsolete, has eroded trust between local and central government.

More significantly, the alternative for councils that do not take up the offer is also unclear. Given the precedent of additional departmental funding reductions in the last parliament, which particularly impacted local government, this could mean exposure to the risk of further funding reductions in future years for those councils that do not sign up immediately. There is no information about whether this is a one-time offer or whether it will be on offer in future years of the SR period, for example whether authorities that do not agree four year allocations this year be able to agree three year allocations next year.

### **Funding for adult social care (council tax precept and BCF)**

London local government is facing a funding gap of up to £3 billion by 2020: in adult social care alone this will be at least £700 million by 2020. While the concessions made (through the social care council tax precept and new Better Care Fund money from 2017-18) are welcome, the additional funding this raises will not be enough to close this gap. London Councils estimates that, assuming all boroughs raised it, the social care precept would raise around £230 million a year by 2019-20. Added to the Government's estimate of London's share of the new BCF funding (£247 million), the total possible additional funding of just under £500 million would still fall well short of the additional funding needed. We are also concerned that this money doesn't come with any new responsibilities.

In addition, Croydon is wary of these policy changes representing a shift in Government policy back towards ringfencing of resources. While around half of the new BCF funding will be funded from NHB savings, there is no evidence the remainder is new money. With no breakdown of the local government DEL and explanation of how the total BCF funding was arrived at, it must be assumed that it is topsliced from the total of local government funding that would otherwise have come back as RSG.

More importantly, the social care precept is the first time central government has moved to ringfence an element of locally determined council tax to pay for a particular service. The way the new BCF allocations from 2017-18 are being calculated assumes all eligible authorities will raise the precept, thus the pressure on councils to increase council tax for residents is considerable.

We welcome the indication by the Government that the reporting mechanisms will not be burdensome or bureaucratic and look forward to confirmation of this in the final settlement. While we welcome the recognition of spending need, we would prefer that the referendum limit be lifted completely, thus allowing councils to address the spending pressures in the ways that most affect them locally. For many London Boroughs, for example, children's social care is as great – or even greater – a budget problem as adult social care.

## **The use of ‘Core Spending Power’**

Croydon are concerned that the new definition of “Core Spending Power” continues to mask the impact of the overall funding reductions to local government. We welcome the removal of the Department of Health Better Care Fund allocations that had the effect of double counting funding in the 2015-16 settlement, thereby underplaying the size of the funding cuts. However, we believe the assumptions around council tax in particular are unrealistic.

The assumption that the tax base will continue to grow at the same rate as between 2013-14 to 2015-16 for the next four years, has a significant impact at the individual borough level – especially for those who have seen anomalous changes between those two years (which may have been impacted by the localisation of council tax support). A more realistic approach would be to use a longer trend period (for example the change since 2010) to smooth out those anomalies.

Equally questionable are the assumptions that all authorities will raise council tax by 1.75 per cent (Consumer Price Inflation) on average each year, and that all eligible authorities will raise the social care precept by a further 2 per cent. This will almost certainly not be the case, and therefore overestimates the eventual tax rise. The Government’s figures within Core Spending Power show that London boroughs’ projected council tax requirement will increase by 20 per cent in real terms over the four years, compared with just 15 per cent for England overall. These assumptions are, therefore, distorting the effect on how London borough’s funding reductions are presented in a significant way.

Croydon believes the Core Spending Power measure is again being used to present the actual funding reductions to local government as being lower than they are. We estimate that more realistic assumptions would indicate a cut in CSP closer to 16 per cent rather than 9 per cent.

Now that a new measure – “Settlement Core Funding” – has been created to better reflect the wider level of resources available to local government in the calculation of RSG, it is not clear what purpose the Core Spending Power measure serves, other than to present the funding reductions as lower than they ultimately will be. It was disappointing that this definition was not shared with local government in advance of the settlement for review and discussion.

## **Lack of information about specific grants**

While Croydon welcomes the removal of certain grants (notably the DH BCF money) from the Core Spending Power measure, we are concerned that local

authorities are still awaiting allocations of a number of significant specific grants for 2016-17, for example the Council Tax benefit administration grant, Public Health grant, and Better Care Fund allocations. There has also been no official confirmation as to whether the NHB funding will not be topsliced in London (as it was by £70 million in 2015-16 to fund the LEP), which has caused confusion for our members. We welcome informal indication from DCLG officials that this is unlikely to continue and look forward to official confirmation as soon as is possible. Budget setters need certainty over the whole spectrum of funding to local government – specific grants are a considerable part and should be published alongside the settlement, or as soon as possible thereafter.

For Croydon our grant in relation to UASC's is also a major issue. We still have no confirmation of our final grant for 15/16 or our expected grant for 16/17. We have the second highest UASC population in the country and this makes it impossible to plan effectively.

### **Negative impact on the income base of rolling in grants**

The provisional settlement rolled the 2015/16 Council Tax Freeze Grant into the calculation of the 2016/17 SFA in 2015/16. It also emerged in the documentation that the funding earmarked for preparation and implementation of Care Act 2014 is now included in the baseline for calculating Revenue Support Grant and hence SFA in 2016/17. Where funding has been baselined into RSG in effect the value reduces year-on-year in line with overall reductions in RSG.

### **Timing of the announcement**

We would like to reiterate the point made in previous responses on the importance that the local government finance settlement announcement should be released earlier than the week before Christmas. A suitable time frame to release the information would be no later than the end of November. The late timing of the Settlement in recent years has created genuine difficulties for all authorities in giving enough time to assimilate the technical information and also consult meaningfully and fully with all our stakeholders in drawing up robust budget and business plans.

### **Business Rates Reform**

We welcome however the government's intention to reform the business rates retention scheme and move to a position where 100% of business rates can be retained by 2020. With the move to 100% business rates retention we would like

to see a system that finds a better way to deal with the financial uncertainty caused by business rates appeals. It is also essential that the system of top-ups and tariffs which redistributes revenues between local authorities is retained in some form and reflects a true up to date position on need and population.

## **Summary**

The Council's financial strategy focusses on protecting frontline services wherever possible and this is becoming increasingly difficult in the current financial climate. We welcome the increased flexibility that allows social care authorities to put up council tax by an additional 2 % and this will go some way to addressing the funding gap facing social care.

We also welcome the potential introduction of multiyear settlements as a tool to give us more medium term stability on funding, as long as this flexible enough to take into account changes in population and need, funding to help stimulate economic growth for our under pressure local businesses and enable us to invest in the priorities of our community.

We ask that our comments as outlined above will be given full and fair consideration and ensure that they are addressed as part of the final announcement for 2016/17. Our detailed response to the specific questions raised in the consultation are outlined **at Annex A.**

Yours faithfully,

Richard Simpson

Assistant Chief Executive and Section 151 Officer



## **ANNEX A: RESPONSES TO SPECIFIC QUESTIONS**

### **Question 1: Do you agree with the methodology for allocating central funding in 2016-17, as set out in paragraphs 2.6 to 2.8?**

No we do not agree with the methodology, as it fails to address the wider issue of the inequity of damping being locked into funding allocations. At the least there should be a commitment to continue to unwind damping as part of the funding system. Further details are outlined in our accompanying letter to this consultation.

### **Question 2: Do you agree with the proposed methodology for calculation of the council tax requirement for 2016-17, as set out in paragraphs 2.10 and 2.11?**

As above.

### **Question 3: Do you agree with the proposed methodology in paragraph 2.12 for splitting the council tax requirement between sets of services?**

As above.

### **Question 4: Do you wish to propose any transitional measures to be used?**

As above.

### **Question 5: Do you agree with the Government's proposal to fund the New Homes Bonus in 2016-17 with £1.275 billion of funding held back from the settlement, on the basis of the methodology described in paragraph 2.15?**

Croydon is pleased to see the Government's commitment to the continuation of funding for the New Homes Bonus. The Council is of the opinion however that the New Homes Bonus should be funded by Government and not top-sliced from the settlement. We also believe that any surplus NHB should be returned to local authorities in proportion to baseline funding as the most equitable method of redistribution.

We are still concerned about the principle of the top-slice from London authorities by which it is passed to the GLA and then recycled back via the LEP programme.

### **Question 6: Do you agree with the Government's proposal to hold back £50 million to fund the business rates safety net in 2016-17, on the basis of the methodology described in paragraph 2.19?**

We do not agree with the proposal to hold back £50 million from central funding to fund the business rates safety net for 2016/17. Firstly, this results in a reduced amount to be distributed from central funding and secondly the levy rate should be increased so that the funding for the safety net is funded without the need to call on central resources.

### **Question 7: Do you agree with the Government's proposed approach in paragraph 2.24 to paying £20 million additional funding to the most rural areas**

**in 2016-17, distributed to the upper quartile of local authorities based on the super-sparsity indicator?**

As the Government is minded in this way to recognise some of the financial pressure on rural authorities, it is not unreasonable to expect further consideration to be given to the unique pressures faced by urban authorities, and particularly those that affecting London.

We therefore note the proposed increases in funding that is to be provided to rural areas as a result of perceived additional costs in rural areas at a time when the funding system does not reflect fully the cost pressures on London authorities from rising demographic pressures and increased needs for local services, in particular with regard to schools and care for vulnerable residents.

**Question 8: Do you agree with the Government's proposal that local welfare provision funding of £129.6 million and other funding elements should be identified within core spending power in 2016-17, as described in paragraph 2.28?**

The Council notes the comment in the consultation document regarding local welfare provision, which itself was rolled into core SFA funding as part of the 2015/16 settlement. The Council does not see what value adding this notional amount in to the calculation of core spending power would add to the funding settlement.

**Question 9: Do you agree with the Government's proposal to include all of the grant funding for the Care Act 2014 (apart from that funded through the Better Care Fund) in the settlement, using the methodology set out in paragraph 3.2?**

We are concerned that this approach will mask any reduction in funding. Where funding is baselined into RSG, the value reduces year-on-year in line with overall reductions in RSG.

**Question 10: Do you agree with the Government's proposal to include all 2015-16 Council Tax Freeze Grant in the 2016-17 settlement, using the methodology set out in paragraph 3.3?**

As in question 9 above the approach taken of rolling this into RSG, when RSG is declining, does not serve the purpose of protecting funding that the Government wishes to provide for those authorities who have frozen council tax in 2015/16.

**Question 11: Do you agree with the Government's proposal to include all 2015-16 Efficiency Support Grant funding in the settlement and with the methodology set out in paragraph 3.5?**

The Efficiency Support Grant is similar in nature to the 'damping' applied in the 2013/14. Any such measures to mitigate the worst impacts of changes in funding ought to be unwound over a period of time to avoid penalising authorities that do not benefit directly from these measures.

**Question 12: Do you agree with the Government's proposal to include funding for lead local flood authorities in the 2016-17 settlement, as described in paragraphs 3.6 and 3.7?**

Agreed.

**Question 13: Do you agree with the Government's proposal to pay a separate section 31 grant to lead local flood authorities to ensure funding for these activities increases in real terms in each year of the Parliament?**

We would agree with this proposal so long as the Section 31 grant is not top-sliced from amounts payable to local authorities in general.

**Question 14: Do you have any views on whether the grant for lead local flood authorities described in paragraph 3.8 should be ring-fenced for the Spending Review period?**

As question 13.

**Question 15: Do you agree with the Government's proposal to adjust councils' tariffs / top ups where required to ensure that councils delivering the same set of services receive the same percentage change in settlement core funding for those sets of services?**

We agree in principle with this measure, but we again reiterate the broader point that the system should take account of increases in population and deprivation which will differ across Councils delivering the same set of services.

**Question 16: Do you have an alternative suggestion for how to secure the required overall level of spending reductions to settlement core funding over the Parliament?**

Local government is arguably the most efficient part of the public sector as demonstrated by the savings it has delivered, bearing disproportionate cuts relative to other Government departments. As such attention should be focussed on driving out efficiencies in other departments.

**Question 17: Do you have any comments on the impact of the 2016-17 settlement on persons who share a protected characteristic, and on the draft equality statement published alongside this consultation?**

The Equality Statement acknowledges our concerns that the scale of spending cuts puts at risk our ability to deliver service to protected groups. Croydon continues to take steps to manage the impact of spending pressures by delivering savings through efficiencies, alternative ways in which to deliver services, better management of assets and smarter working. All savings considered by the Council undergo a thorough equalities assessment process before being taken forward. These efforts taken by the Authority have attempted to mitigate the impact of spending reductions on persons who share a protected characteristic. However, given the scale of predicted reductions in funding and increasing demand on our services due to changes in demography and increases in population the risk of not being able to offer the existing level of service to those persons who share a protected characteristic becomes increasingly difficult.



Marcus Jones  
Parliamentary Under Secretary of  
State (Minister for Local Government)  
Department for Communities  
& Local Government  
2 Marsham Street  
London SW1P 4DF

4 November 2015

Dear Minister

### **LOCAL GOVERNMENT FINANCE SETTLEMENT**

Thank you for taking the time to meet representatives of north east London Boroughs most affected by the current local government funding settlement, on 15 September. As promised, this letter provides more detail in support of the points made during our meeting, and it is our intention that this should form part of the deliberations to finalise funding settlements in the forthcoming spending review, and subsequent distribution of funding from DCLG.

The current local government funding settlement is inequitable in its distribution methodology. Whilst the retention of business rates provides a good incentive for many Councils to grow their economic base, and is welcomed, the underlying need in each borough also needs to be recognised. Put simply, much as we might want and intend to have booming local economies, there will still be needs in our local populations that cannot be ignored. By funding those needs equitably, it gives every borough the chance to improve the quality of life for its citizens.

The previous funding distribution mechanism included the grant damping mechanism, which had the effect of moving funding away from Councils assessed as in need, to give all Councils, whether they were as assessed as in need or not, a minimum percentage funding increase. The impact on the funding settlement in 2012/13 is shown on the map in Appendix 1, and the per

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capita impact is shown (very markedly) in Appendix 2. Damping in itself is inequitable, but when the grant damping mechanism, which was originally intended to be unwound over a number of years, was frozen into the baselines that are now the foundation of the current funding settlement, the funding shortfalls became even more significant. Circumstances in London are unique across the country.

The rapid population growth in our boroughs is well above the National average. This growth has not been reflected in our funding settlements, and, on current plans, nor will they be until the baselines are reviewed and in place by 2020/21. Interestingly, in the consultation paper issued by the DOH in April 2015 on the public health funding formula, the need to reflect up to date population figures is very clearly recognised. Just like public health, the costs of services in our boroughs is driven by population size and deprivation (of which public health is a component), and we would like to see a consistent approach to the use of population data in the way financial settlements are calculated for local authorities.

Similarly, our boroughs are experiencing worsening deprivation, which is driven by a number of factors explained later and which culminates in increasing demand for a range of services. As explained at the meeting, all boroughs represented are feeling the impact of this growing pressure on our demand led budgets, which is producing significant overspends across a range of service areas. The attachment to this letter explains these pressures in more detail.

Our case made to you on 15 September is twofold, and based on the evidence in the attached document. Our first request is that we are provided with an equitable share of funding to ensure that, within London, the growing needs in our borough are funded on the same basis as other authorities. That will enable us to deliver the services required to help grow our economic and housing base, and, at the same time, give all of our citizens a better chance of benefitting from that. Although the precise mechanism should be left to your officials to determine, this transitional funding should be made available to cover the gap between now and a longer term solution to this aspect of local government funding. The amount of the transitional relief should at least cover the cost/loss arising from grant damping in each borough, plus the ongoing impact of increasing deprivation and high population growth (the latter two points are not reflected in the current settlement because of the freezing of baselines in 2013/14), as well as significant additional costs not currently funded –cases with No Recourse to Public Funds and Unaccompanied Asylum Seekers.

Our second request is that our boroughs are actively involved in developing the longer term solution for local government, so that the good parts of the existing system are maintained, whilst the inequitable parts - resulting from damping and its hard wiring into current baselines – are addressed and replaced by a more balanced approach to resource allocation. Indeed, the recent announcement by the Chancellor provides many opportunities to improve the equity of funding for local authorities, as well as significant risks if not carefully managed, and officers in each of our boroughs would be pleased to be involved in developing the detail behind the new proposals.

We look forward to hearing from you and, should you require any further information, please do let us know.

Yours sincerely



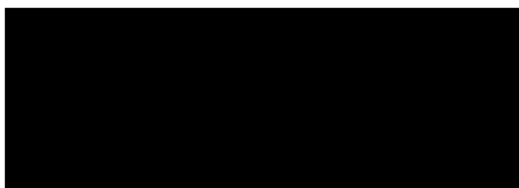
**Doug Taylor**  
**Leader of Enfield Council**



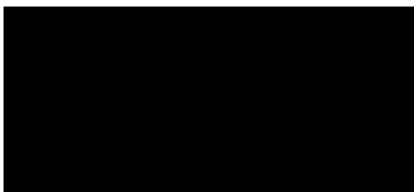
**Darren Rodwell**  
**Leader of Barking and Dagenham**



**Tony Newman**  
**Leader of Croydon Council**



**Robin Wales**  
**Mayor of Newham Council**



**Jas Athwal**  
**Leader of Redbridge Council**



**Chris Robbins**  
**Leader of Waltham Forest Council**



Copy to:

Greg Clark, Secretary of State for Communities and Local Government  
Cabinet Members for Finance: Barking & Dagenham, Croydon, Enfield,  
Newham, Redbridge, Waltham Forest

Chief Executives: Barking & Dagenham, Croydon, Enfield, Newham,  
Redbridge, Waltham Forest

Finance Directors: Barking & Dagenham, Croydon, Enfield, Newham,  
Redbridge, Waltham Forest



Department for  
Communities and  
Local Government

Councillor Tony Newman  
Leader – Croydon Council,  
Bernard Weatherill House,  
8 Mint Walk,  
Croydon,  
CR0 1EA

*Dear Councillor Newman*

**Marcus Jones MP**  
*Minister for Local Government*

**Department for Communities and Local  
Government**

Fry Building  
2 Marsham Street  
London  
SW1P 4DF

Tel: 0303 444 3460  
Fax: 020 7035 0018  
E-Mail: [marcus.jones@communities.gsi.gov.uk](mailto:marcus.jones@communities.gsi.gov.uk)

[www.gov.uk/dclg](http://www.gov.uk/dclg)

Our Ref: 1624068

16 DEC 2015

You submitted a request in March 2015 for additional funding in order to meet rising service pressures in your Boroughs and to mitigate your estimate of the shortfall in your Revenue Support Grant due to the continued impact of the damping methodology in the 2013-14 local government finance settlement. We considered those requests carefully but declined to give your authorities additional funding for the reasons set out in our letter of 31 March 2015.

You will remember that I then met with a number of you on 15 September to consider the evidence that you had put forward on additional pressures faced by your boroughs.

At this meeting, you had two requests; firstly a repeat of the request for additional funding to meet the cost of what you felt were unique pressures faced by your boroughs, and secondly, that we involve your boroughs in future development of the local government finance system.

After careful consideration of the evidence that you presented, I have decided that no additional funding will be granted. This is again in light of the overall funding position of your authorities, including reserves (which are of course not considered in the spending power calculations for the settlement). This overall funding position places them in a relatively strong position to manage increased demand for services in the context of severe overall financial constraints, and to take advantage of the incentives for growing the business rates tax base and New Homes Bonus.

You have also asked us to consider the evidence you provided in your letter of 4 November in deliberations to finalise funding settlements in the forthcoming spending review, and the subsequent distribution of funding from DCLG. In terms of the overall envelope, which was set out in the Spending Review, local government spending will be remaining flat in cash terms at £44.3 billion in 2019-20 compared to the £44.5 billion the sector received this year (2015-16). This includes an extra £3.5 billion for adult social care, in recognition of the pressures faced by authorities delivering these services.

We will shortly be consulting on the provisional local government finance settlement for 2016-17, where we will continue to consider the additional evidence you provided us with alongside any representations you make in response to that consultation. We would very much welcome your views.

Regarding your second request, I welcome the opportunity for your involvement in the future development of the local government finance system. Following the Chancellor's announcement of 05 October on the move to 100% retention of business rates by the end of this Parliament, we have made clear that we will be consulting with the local government sector on the design of the reforms and we would very much welcome your involvement with this.

*Yours sincerely,*



**MARCUS JONES MP**

Date: 05 January 2016

Rt Hon George Osborne MP  
Chancellor of the Exchequer and First Secretary of State  
HM Treasury,  
1 Horse Guards Road,  
SW1A 2HQ

Dear Mr Osborne,

I am writing on behalf of Croydon Council, calling on you to give Croydon a fair deal with respect to our grant funding settlement, a grant settlement that has been cut by 41% since 2010 by your Government.

Croydon residents receive only £300.95 per capita of funding compared to other London Boroughs such as Lambeth, who receive £533.46 per capita, or Westminster who receive twice the level of our funding per capita of £604.47.

To make matters worse, we have also seen significant in-year cuts to our funding that have forced us to close valuable public services like our adult education services in Coulsdon and have given us little choice but to consider charging for popular services like the garden waste collection. This decision, forced upon us by your Government's settlement for Croydon, resulted in a petition of over 10,000 residents unhappy with the consequences of your austerity policies.

You will undoubtedly be familiar with the challenges of a London Borough and Croydon is no exception facing significant financial pressures from population growth, deprivation, homelessness and temporary accommodation, welfare reform, unaccompanied asylum seeking children, people with no recourse to public funds, school place demand and supply, looked after children and inadequate public health funding.

In order to manage these unfunded pressures, the Council has had to implement the following measures:-

- Voluntary Severance Scheme for all Staff;
- Freeze on all recruitment;
- Dismissal of all agency staff over 12 months;
- Maximisation of all fees and charges;
- Stop to all non-essential spend.



These funding cuts that force changes in quality, frequency and provision of services are short-sighted and lead to greater spending in the long run. I would therefore welcome the opportunity, with the Chief Executive of Croydon Council, to meet with you to discuss in particular Croydon's funding but also local Government funding in general.

I believe it would be a good opportunity for you to gain a better understanding of the importance of local government by hearing from professional officers and politicians that work at this level.

I hope you are willing to take up my challenge.

Yours sincerely

A solid black rectangular box used to redact the signature of the sender.

Councillor Stuart Collins

Deputy Leader, London Borough of Croydon

<b>REPORT TO:</b>	<b>CABINET 22 FEBRUARY 2016</b>
<b>AGENDA ITEM NO:</b>	
<b>SUBJECT:</b>	<b>PRE-DECISION SCRUTINY RECOMMENDATIONS RELATING TO THE PROPOSED COUNCIL BUDGET 2016/17</b>
<b>LEAD OFFICERS:</b>	<b>SECTION 151 OFFICER</b>
<b>CABINET MEMBERS:</b>	<b>Councillor Tony Newman, Leader of the Council  Councillor Simon Hall, Cabinet Member for Finance and Treasury</b>
<b>WARDS:</b>	<b>ALL</b>
<b>CORPORATE PRIORITY/POLICY CONTEXT:</b> The budget is part of the Council's <b>Policy Framework</b> . And it is open to scrutiny to comment on policy proposals.	
<b>AMBITIOUS FOR CROYDON &amp; WHY ARE WE DOING THIS:</b> Croydon a Place to Live and Work; Fairness – Equalities, Open & Accountable; Croydon Safe & Secure; Sustainable Transport.	
<b>FINANCIAL IMPACT:</b> The recommendations in this report may have a financial implication and as each recommendation is developed the financial implication will be explored and approved.	
<b>FORWARD PLAN KEY DECISION REFERENCE NO.:</b> not a key decision	

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

**1. RECOMMENDATIONS**  
The Cabinet is recommended to consider the recommendation made to it (Cabinet) by the Scrutiny and Overview Committee at its meeting of 15 December 2015 as part of its consideration of the 2016/17 Budget Proposals and that feedback be provided to the Scrutiny and Overview Committee at its meeting on 22 March 2016.

## **2. EXECUTIVE SUMMARY**

- 2.1 This report asks the Cabinet to consider the recommendation made to it (Cabinet) by the Scrutiny and Overview Committee at its meeting of 15 December 2015 as part of its consideration of the 2016/17 Budget Proposals and that feedback be provided to the Scrutiny and Overview Committee at its meeting on 22 March 2016.

## **3. SCRUTINY RECOMMENDATIONS**

- 3.1 The Scrutiny and Overview Committee, at its meeting on 15 December 2015, **RESOLVED** to recommend to Cabinet that following the pre-decision scrutiny of the proposed Budget 2016/17 at the Scrutiny and Overview Committee meeting on 15<sup>th</sup> December 2015, it (Cabinet) protects community groups looking to use parks and open spaces for community events including festivals from charges relating to access to these spaces and the use of facilities (eg. toilets) for events and that the Leader and Cabinet takes this recommendation into account in drawing up proposals for submission to the Council.
- 3.2 For information, the Committee also **RESOLVED** to welcome the offer from the Chief Executive of a Members briefing on the future funding of the council and to ask officers to make the necessary arrangements.

## **4. CONSULTATION**

- 4.1 No consultation is required for these responses.

## **5. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS**

- 5.1 The recommendations in this report may have a financial implication and as the recommendation is developed the financial implication will be explored and approved.

## **6. COMMENTS OF THE BOROUGH SOLICITOR AND MONITORING OFFICER**

- 6.1 The Council Solicitor comments that there are no direct legal implications arising from this report but that advice will be provided as needed in respect of implementation of the individual recommendations.

(Approved by: Gabriel MacGregor, Head of Corporate Law on behalf of the Council Solicitor & Monitoring Officer)

## **7. HUMAN RESOURCES IMPACT**

There are no Human Resources considerations arising from this report.

**8. EQUALITIES IMPACT**

The Council is required to take account of the needs of disabled people and other protected characteristics as defined by the Equalities Act.

**9. ENVIRONMENTAL IMPACT**

There are no direct implications arising from this report.

**10. CRIME AND DISORDER REDUCTION IMPACT**

There are no direct implications arising from this report.

**11. REASONS FOR RECOMMENDATIONS/ PROPOSED DECISION**

11.1 These are provided in the minutes set out in Appendix A attached.

**12. OPTIONS CONSIDERED AND REJECTED**

12.1 Information about options considered and rejected are given in Appendix A where relevant.

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**CONTACT OFFICERS:**

**BACKGROUND** None

**Appendix A**

**Draft minutes of the Scrutiny and Overview committee meeting on 15 December 2015**



## SCRUTINY AND OVERVIEW COMMITTEE

Minutes of the meeting held on Tuesday 15 December 2015 at 6:32pm in the Council Chamber, the Town Hall, Croydon

This meeting was filmed for broadcast on the council's internet site at:  
<http://www.croydon.public-i.tv/core/portal/home>

### MINUTES – PART A

**Present:** Councillor Sean Fitzsimons  
Councillors Sara Bashford (Vice Chairman), Emily Benn,  
Carole Bonner (Deputy Chair), Mario Creatura and David Wood

Also in attendance for part or all of the meeting:

Councillor Hamida Ali  
Councillor Alison Butler  
Councillor Jason Cummings  
Councillor Simon Hall  
Councillor Tony Newman  
Councillor Joy Prince

#### **A34/15 APOLOGIES FOR ABSENCE**

Apologies were received from Councillor Sherwan Chowdhury during the meeting. Councillor David Wood was present as his reserve.

#### **A35/15 MINUTES**

The Part A minutes of the meetings held on 3 November 2015 and 9 November were agreed by the Committee and signed by the Chair.

The Part B minutes of the meeting held on 9 November were agreed by the Committee and signed by the Chair without the need to exclude the press and public from the meeting.

#### **A36/15 DISCLOSURES OF INTERESTS**

None.

#### **A37/15 URGENT BUSINESS**

None.

**A38/15 EXEMPT ITEMS**

**RESOLVED** – that the allocation of business on Part A of the Agenda be confirmed.

**A39/15 PRE-DECISION SCRUTINY – PERFORMANCE AND THE PROPOSED COUNCIL BUDGET 2016/17 (Agenda item 6)**

Present for this item:

Councillor Tony Newman, Leader of the Council  
Councillor Simon Hall, Cabinet Member for Finance and Treasury  
Councillor Hamida Ali, Deputy Cabinet Member for Finance & Treasury  
Nathan Elvery, Chief Executive of the Council  
Richard Simpson, Assistant Chief Assistant (Resources and Corporate Services) and Section 151 officer

The Leader of the Council gave a short introduction to the item and included the following in his comments:

- These are unprecedented times for local government with cuts to the grant of over 55% over the past five years and that further cuts are expected
- The council will need to look at working to a new model of funding as it is expected that funding through grants will become a thing of the past and the council will need to do more with less
- In addition, in year pressures applied after Croydon had set its budget had hit services such as CALAT<sup>1</sup> and UASC<sup>2</sup>
- The announcement by the Chancellor of the Exchequer to impose a 2% precept on the Council Tax, ring-fenced for adult social care, was another issue
- In order to address these challenges by working differently, by working with partners and sharing services and by looking to reduce staff through a voluntary severance scheme and accelerate the digital agenda alongside other initiatives
- Nonetheless the council was continuing to focus on its green clean initiative, its ambitious growth agenda and deliver services against a tough backdrop to the budget.

The Assistant Chief Executive made a presentation on the impact of austerity and an update on the settlement and the outcomes of the comprehensive spending review. The Chief Executive added to the presentation by giving his vision for the council of the future. The presentation has been uploaded to the council website and can be found [here](#).

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<sup>1</sup> Croydon Adult Learning and Training service

<sup>2</sup> Unaccompanied Asylum-seeking children

The Cabinet Member for Finance and Treasury added the following:

- Funding for the council currently is split 50:50 between the local government grant and income from council tax, business rates etc.
- The population in the borough was increasing and although this resulted in an increase in council tax receipts, there was also a corresponding increase in service needs
- In responding to the pressures on the budget, the council was:
  - Rationalising back office functions
  - Reviewing non-statutory services
  - Reviewing how it delivers statutory services
  - Focusing its investment where it makes the biggest impact
  - Working differently eg. digital and enabling; top 50 families support; Gateway phases 1 and 2

Councillor Jason Cummings, Shadow Cabinet Member for Finance and Treasury, had made a formal request to ask questions.

Before opening the floor to Members questions, the Chair asked if there were any hidden or mis-described cuts in the budget. The Leader assured the Committee that there were not. He added that as the local government settlement had not yet been announced by government and that there was resulting uncertainty this may lead to some changes as more information becomes available.

The Leader stated that the council was looking to do more for less, was working differently and was not looking at 'salami slicing' services to make the savings necessary.

### **Council staff reductions**

The Chief Executive stated that:

- He was as confident as he could be that the transformation programme enable the council to make choices about how services are delivered with a reduced level of staff
- In relation to the proposed cut of 2 FTE scrutiny staff, these posts had been vacant for much of 2015/16. There had, he said been a lot of good scrutiny work during the year, notably the Young People takeover meeting, and that he did not expect to see any diminution of scrutiny in the next year. He added that the digital and enabling programme was expected to help deliver improvements to productivity.
- As some staff apply for the voluntary severance scheme and start to leave the council, options to transform some services will need to be considered and some reduction in some services could be expected
- Staff have been taken through these options already and well-being support was in place for those leaving the council
- Voluntary severance was the preferred route but the council could not guarantee any job in the current climate and that any staff affected about potential job losses will be consulted

The Leader added that frontline services will be protected, partnership working and 'joined up working' continues to be important and that the council needs to evolve so that it delivers services with reduced funding and staff

The Cabinet Member stated that the proposals in relation to release time for Trade Union representatives had been developed with the three Unions and that they were in agreement with the proposals.

### **Shared services**

The Assistant Chief Executive informed the Committee that Oracle covers HR, finance and payroll and that Croydon shares these services with 5 other boroughs. He added that the council was now working on wider collaboration with Lambeth on a number of services including some transactional work and professional services and that a business case for this was being developed.

### **Pensions**

The Assistant Chief Executive stated that:

- The next actuarial review will be based on March 2016 figures and will therefore impact on the 2017/18 council budget
- Asset performance has been strong over the past few years and assets are diversified
- Actuaries are now more flexible about 'smoothing' valuations to avoid sharp peaks and troughs
- The council was working to reduce management feeds and overhead costs over the next few years
- The deficit recovery period is 22 year and that as the council has staff and contributes to the scheme this is realistic

The Cabinet Member added that the council will continue to align assets over the medium term to optimise its position.

### **Sale of fixed assets**

The Assistant Chief Executive informed the Committee that notwithstanding the recent government announcement that would allow the blurring between capital and revenue receipts for the purpose of transformation projects. He stated that as Section 151 officer he would look for business case to be made to enable receipts from the sale of fixed assets to be used for this purpose and added, that a significant saving to the council by reducing borrowing could be a reason for allowing this use.

### **Borrowing**

The Assistant Chief Executive stated that:

- Borrowing had increased by £4.5m over the previous year to enable the council to buy out the John Laing equity in Bernard Weatherill House adding that this would provide a saving in the long term

- In 2015/16 the council had borrowed at a better rate than originally forecast resulting in a saving on the education building programme which equated to 1% of £100m
- The council had therefore underspent on borrowing against budget in 2015/16 and was not expecting an increase in 2016/17
- The council will arrange borrowing for regeneration projects such as the College Green and Fairfield redevelopment where it can capitalise interest payments and generate returns
- In the future the council was looking to take shorter term loans to 'match' the time period of these regeneration projects rather than the considerably longer, traditional loan periods

### **Grant funding**

In response to questions from the Shadow Cabinet Member, the Assistant Chief Executive confirmed that:

- The information provided in the presentation on the cumulative grant loss to Croydon was the change from one year to the next and that it was a 'like for like' equivalent of the grant in 2010
- The individual grant losses compared to the previous year and cannot therefore be added together although he would re-work the figures and circulate these to Members

The Chief Executive stated that traditionally there had been focus on the grant as it was based on assumptions of need including the ability for councils to raise money locally. Now local authorities are seeing significant reductions to the grant and as their two other major income streams (Council Tax and Business Rates) are controlled by government income overall is therefore down.

The Leader added that it is legitimate to separate government funding from funding raised locally such as through Council Tax and Business Rates.

### **Council Tax**

- The Leader stated that the 2% precept for adult social care on council tax announced by the government had been imposed and that if the council didn't pass on this charge to residents it would have less to spend on adult social care
- The Assistant Chief Executive informed the Committee that 2% of the council tax equated to £2.7m and that arrangements for ring-fencing the money generated would be announced by government on 17 December 2015. He added that modelling indicated that if the council did nothing increased demand would cost an additional £3-4m per year. Regardless of where the funding came from, the council was facing a massive problem with a predicted 60% increase in the adult population and increased demand for service. Outcome-based commissioning and redesigning services were therefore crucial to help build in resilience

- The Chief Executive added that Croydon's bill for adult social care was considerably larger than £2.7m

### **Business Rates**

The Assistant Chief Executive stated that:

- The government will be consulting on the proposed changes to Business Rates in 2016
- The council will respond to the consultation and was aware that additional responsibility would come with the changes
- The council will stress the importance of reflecting the needs and demographics of the population in future funding arrangements
- Under the new arrangements local authorities will be able to reduce business rate costs and businesses are likely to apply pressure for this outcome

### **Public Health**

The Chief Executive stated that:

- Cuts to the public health budget by government was short-sighted as prevention work could generate long term cost savings
- The public health team was already considering the potential impact of the proposed cuts and the removal of ring-fencing
- A new director of Public Health Croydon had been appointed recently and will lead the response to the changes

### **Provision of services**

The Leader stated that the values and principals which are driving the cuts are a manifesto commitment to protect frontline services while fulfilling growth ambitions for Croydon. There are hard choices to be made such as the proposal to charge for garden waste services.

### **Contracts**

The Cabinet Member stated that the contract management process has been reviewed and contracts are being managed differently. Where contracts need to be renegotiated to meet the changing needs of the council it is seeking flexibility from contractors. The council is also redesigning its contracts to meet its needs including looking at challenging the length of some contracts and break points.

### **Voluntary sector funding**

- The Assistant Chief Executive stated that a 10% saving was coming from a range of current budgets including the Stronger Communities Fund and budgets held by the People department
- The Cabinet Member added that the council was moving to refocus on outcomes so that the same organisation is not funded twice for the same work or that two different organisations were not funded for the same work

### **Children and young people**

- The Leader stated that although the 5% cut to schools funding in Croydon was less than for some other authorities, the council was unfairly funded in the first place given the demand for additional school places in the borough
- The Cabinet Member added that Croydon had a fast-growing young population and this presented a significant pressure on the council
- The Assistant Chief Executive informed the Committee that a review of Residential Care would not change the council's approach to this service, though there would be less places and the review would consider how it could link to the 50 families work

Councillor Carole Bonner stated that she had visited the Gateway service, was very impressed with what was happening and had noted that small changes can improve outcomes and save money. The Chief Executive said that he would convey these comments to the team.

### **Agency fees**

- The Leader stated that the council would like to reduce its reliance on agency staff and achieve a better long term retention of staff in roles including social work.

### **Cultural services**

- The Assistant Chief Executive confirmed that there would be no changes to the number of libraries in 2016/17 but there was a target to move towards community libraries in 2017/18.

The Leader added that:

- The Cabinet Member for Culture, Leisure and Sport was clear that library services will need to be delivered differently and that the council will need to work in partnership with the community to deliver these in the future
- The council did not view culture as a 'nice to have' and believed that it was an important part of the growth agenda, ensuring that people wanted to live here and businesses wanted to be based here

### **Parks**

- The Leader confirmed that community groups would not be charged for services (such as obtaining the keys to toilets) when holding festivals within parks. He added that some work was being done to establish if support for events in parks could be done more efficiently.

### **Green Waste**

- The Leader confirmed that green waste collections would only be undertaken in the future as a paid for service and that sufficient residents needed to sign up before the January deadline for this to be put in place.

- The Cabinet Member added that the deadline had been set for January in order to allow for arrangements to be made in time for spring collections to start
- The Chief Executive confirmed that as of 15 December 2015, 6100 residents had signed up for the new paid for service

Following comments from Members, the Leader undertook to revisit the letter to residents which was reported to be confusing. He confirmed that 30 residents had visited Access Croydon to sign up online and that residents having difficulty with online or telephone sign-up would be supported.

### **Regulatory services**

The Assistant Chief Executive stated that the phase 1 of the Eyes and Ears project has been delivered and that savings have been achieved eg. by bringing all enforcement services together. He added that technology allows for increased productivity and help reduce costs eg. in planning.

The Chief Executive stated that there a seismic shift in how the council was funded, that the risks and relationships between the sources of income was complex and would become more so. He offered to hold a briefing session for all Members on this matter.

The Committee **RESOLVED** – to:

- 1) Recommend to Cabinet that following the pre-decision scrutiny of the proposed Budget 2016/17 at the Scrutiny and Overview Committee meeting on 15<sup>th</sup> December 2015, it (Cabinet) protects community groups looking to use parks and open spaces for community events including festivals from charges relating to access to these spaces and the use of facilities (eg. toilets) for events
- 2) Welcome the offer from the Chief Executive of a Members briefing on the future funding of the council and to ask officers to make the necessary arrangements

Councillor Sean Fitzsimons thanked Members and officers for attending the meeting and for their answers to questions from the Committee.

## **A40/15 SCRUTINY WORK PROGRAMME 2015-16 (Agenda item 7)**

Present for this item:

Solomon Agutu, Head of Democratic Services and Scrutiny

Councillor Sean Fitzsimons informed the Committee that since publication of the papers for this meeting, it had been proposed to move the Scrutiny and Overview Committee meeting scheduled for 19<sup>th</sup>



January 2016 to **Tuesday 16<sup>th</sup> February 2016**. It was suggested that the meeting on 19<sup>th</sup> January 2016 be cancelled.

Members **RESOLVED** - to:

- 1) Agree to change the date of the next meeting of the Committee from 19<sup>th</sup> January 2016 to 16<sup>th</sup> February 2016 and to cancel the meeting scheduled for 19<sup>th</sup> January 2016;
- 2) Agree the scrutiny work programme overview for 2015-16 as set out in Appendix 1 of the report;
- 3) Agree the scrutiny work programme for the Scrutiny and Overview Committee 2015-16 – Appendix 2 of the report.

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PART B

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None

The meeting closed at 9:22pm.

**Agenda item 8.1 Cabinet Report 22nd February 2016**

**DEDICATED SCHOOLS GRANTS**

**Table 1 – Analysis of DSG**

<b>DSG funded services</b>	<b>£m</b>
Individual Schools budget (before recoupment)	241.94
High Needs Budget	49.05
Early Years Budget	21.59
<b>Total DSG funded Services</b>	<b>312.58</b>

**DSG allocation for Croydon 2016/17**

The DSG for 2016/17 for Croydon including Academies is £312.58m. Academy recoupment is estimated at £125m in 2016/17, reducing the DSG total to £189.58m.

Academy recoupment currently stands at £123m in 2015/16.

The per pupil amount of funding for the schools block in 2016/17 is £4,855.90, and £4,564.33 for the early years block. The latest schools block and early years block pupil numbers used to calculate DSG are 49,810 and 4,023 respectively. These numbers are based on the October 2015 Pupil Level Annual School Census (PLASC) count, although the Early Years Census in January 2015 will be used to update Croydon's DSG allocation with more accurate early years pupil numbers during 2016/17.

The early years block received £0.494m for indicative early years pupil premium funding, included in the £21.59m detailed above

**Croydon Council**

**Pay Policy Statement 2016-17**

**1. Introduction**

- 1.1. The Council aims to ensure that its remuneration packages are fair, equitable and transparent and offer suitable reward for the employment of high quality staff with the necessary skills and experience to deliver high quality services.
- 1.2. Under section 112 of the Local Government Act 1972, the Council has the “power to appoint officers on such reasonable terms and conditions as the authority thinks fit”. In accordance with Section 38 of the Localism Act, this Pay Policy Statement sets out the Council’s policy for 2016-17 on:
  - The remuneration of its senior staff including Chief Officers
  - The remuneration of its lowest paid employees
  - The relationship between the remuneration of its Chief Officers and the remuneration of staff who are not Chief Officers
- 1.3. Remuneration in this context is defined widely to include not just pay but also charges, fees, allowances, benefits in kind, increases in enhancements of pension entitlements and termination payments.
- 1.4. In accordance with the Secretary of State’s Guidance “Openness and accountability in local pay: Guidance under section 40 of the Localism Act 2011” issued in February 2012 and the Supplementary Guidance issued in February 2013 Full Council has delegated to the Appointments Committee the function of deciding, in respect of severance packages, whether the Council wishes to vote on a severance package above such specified threshold as may, from time to time, be updated by statutory guidance. In addition the Council has delegated to the Appointments Committee the functions of voting respectively on salary packages upon appointment of staff and, where the Appointments has determined that it wishes to exercise its power to vote, in respect of severance packages of staff where the packages are above such specified threshold as may, from time to time, be updated by statutory guidance. For these purposes the specified threshold is currently £100,000.
- 1.5. Once approved, all remuneration paid to officers will comply with this policy for the 2016-17 financial year. The statement will be reviewed in accordance with legislation prevailing at the time.
- 1.6. The provisions of the Localism Act do not apply to schools that are excluded from this statement.
- 1.7. In accordance with Part 3 of the Constitution – Responsibilities for Functions the Chief Executive’s Scheme of Authorisations provides delegated authority to the Director of Human Resources for pay and terms and conditions for staff other than the Chief Executive and employees covered by the Joint National Council

for Chief Officers. Grading and conditions of service for these staff are approved by the Appointments Committee. Reference paragraph 4.2.8 and 4.2.9 of Part 3 of the Constitution Responsibilities for Functions – see extracts below:

*“.....the Chief Executive’s delegation is subject to:*

*4.2.8 “the approval of the Director of Human Resources to the grading and conditions of service of staff (other than those based in schools or subject to the conditions of service of the Chief Officers and Chief Executives J.N.C*

*4.2.9 the approval of the Appointments Committee to grading and conditions of service of staff employed subject to the conditions of service of the Chief Officers and Chief Executives J.N.C”*

## **2. Pay structure**

2.1. The Council uses a combination of locally and nationally determined pay structures for its workforce.

- a) The pay and grading structures, including basic pay, for the Chief Executive and Head of Paid Service, Executive Directors, Directors and posts graded CSR A and CSR B are determined locally.
- b) The basic pay for teachers, youth workers, and young people/community service managers is in accordance with nationally negotiated pay structures.
- c) For the majority of other staff, the Council uses a locally determined grading structure aligned to the outer London pay spine of the Greater London Provincial Council.<sup>1</sup>

2.2. Pay allowances other than basic pay are the subject of local or nationally negotiated rates having been determined from time to time in accordance with the collective bargaining arrangements and/or as determined by the Council.

2.3. Other than for the Chief Executive and Head of Paid Service, Executive Directors and Directors, the Council adheres to national pay bargaining and will normally apply a nationally negotiated cost of living pay award for staff covered by the relevant negotiating body (also see paragraph 3.5).

## **3. Remuneration**

3.1. For the purpose of this pay policy statement, Chief Officers include:

- a) Tier 1: The Chief Executive and Head of Paid Service; Executive Directors; Directors (including posts titled “Assistant Chief Executive”); and
- b) Tier 2: Heads of service and certain senior staff reporting to Directors on grades CSRA and CSRB.

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<sup>1</sup> A small in-house bailiff service is to be established during 2016-17. This may require local pay arrangements including performance pay, applicable to this group of employees only to reflect market and occupational-specific factors.

3.2. Current remuneration for tiers 1 and 2 staff are:

- a) The Chief Executive and Head of Paid Service who is currently paid a spot salary of £180,000 there is no incremental progression for this post. The salary was agreed for a fixed period of two years by resolution of the Council in July 2014 and therefore is due for review in July 2016.
- b) Executive Directors are currently paid a spot salary of £150,000; there is no incremental progression for these posts.
- c) Directors are paid a spot salary of one of four pay reference points; there is no incremental progression for these posts.
- d) Head of service and senior staff reporting to Directors are currently placed on a salary determined by an evaluation of their post using the Hay job evaluation scheme (for posts graded, CSR A, and CSR B) or the Greater London Provincial Council job evaluation schemes (for posts graded 16 and 17). Annual increments may be awarded, subject to the postholder's rating in their annual appraisal. See paragraph 3.5 for proposed changes.

The grading structures for tiers 1 and 2 are shown in Appendix A.

- 3.3. The pay of the Chief Executive and Head of Paid Service is determined by reference to market rates at the time of appointment and reviewed every two years thereafter, the next review date being July 2016. In establishing market rates, the Council will compare remuneration data from other comparable local authorities. This allows closer benchmarking where possible to take account of factors such as population size, social demographics, budgetary responsibilities, economic and regeneration activity. The pay of the Chief Executive and Head of Paid Service is due for review during the lifecycle of this pay policy.
- 3.4. The spot salaries for Executive Directors and Directors are subject to review every two years, with the next review due effective from April 2017. Salaries may be reviewed earlier when recruiting to the post or to maintain parity with the salary of a related post being recruited to. Salaries on appointment that exceed the £100,000 threshold set by the Secretary of State will be approved by the Appointments Committee.
- 3.5. It is proposed, subject to consultation with staff, to introduce revised pay arrangements during 2016/17 for staff on Croydon Special Range grades, mirroring the principles that apply to pay for Tier 1 including: spot pay with five pay reference points replacing CSRA and CSRB grades; the spot pay as an inclusive salary with no eligibility for other allowances other than those mentioned in 3.6(a) and 3.6(d) below); no incremental progression; and salaries subject to local review every two years rather than being linked to national pay awards.

Additional remuneration elements

- 3.6. The Council does not apply any bonuses or performance payments to its Tier 1 or Tier 2 staff. In addition to the basic pay set out in 3.1 above, elements of

“additional pay”, other than those that constitute re-imbursement of expenses incurred during the fulfilment of duties, are set out below:

- a) In order to recruit or retain employees in a post at its designated grade or spot point consideration will be given to the use of market supplements as approved by the Director of Human Resources and Chief Executive with such payments being subject to periodic review. Any market supplement for the Chief Executive will be determined by the Appointments Committee. Market supplements will, when added to basic pay, not normally exceed 10% of base pay and in any event will not exceed the next pay reference point, or in the case of the Chief Executive, will not exceed the 1:11 ratio.
- b) A compulsory car allowance may be made to authorised car users at all levels of the workforce other than to Tier 1. The compulsory car allowance applies to employees where driving a car is an integral feature of the employee’s post and the employee is unable to carry out their post without providing and using their own car. The amount of the allowance depends on the engine size and emissions of the employee’s car as shown in Appendix A.
- c) Returning Officer fees: the Council is required by the Representation of the People Act 1983 to appoint an officer to act as the Electoral Registration Officer (ERO) for any constituency or part of a constituency within its area to be responsible for the preparation and maintenance of the electoral register and to act as the Returning Officer (RO) for all elections. Such duties attract a fee payable to the individual, paid for by the Government except in relation to local elections. The fees are set by central government for national elections and referenda and for local elections fees are prescribed by and agreed on an annual basis by the Chief Executives’ London Committee, which reports into the London Councils network. The Council’s Electoral Registration Officer and Returning Officer is the Chief Executive and Head of Paid Service, as agreed by resolution of the Council or as delegated to a committee.

In his capacity as the Council’s Electoral Registration Officer and the Council’s Returning Officer, the Chief Executive and Head of Paid Service may appoint deputy Electoral Registration Officers and a deputy Returning Officer. Fees for carrying out such duties are payable to appointed individuals.

- d) From time to time consideration will be given to making additional payments, as approved by the Director of Human Resources, to Chief Officers who undertake additional and/or higher level responsibilities for example when covering the duties of a vacant Chief Officer post. Such payments are subject to periodic review.

#### Remuneration on appointment

- 3.7. Where employees are appointed to a grade rather than a spot salary, it is the Council’s policy to appoint all employees on the bottom spinal point of the grade

unless there are exceptional circumstances as authorised by the relevant Director and approved by the Director of Human Resources.

- 3.8. In rare circumstances and subject to approval of the Director of Human Resources where it is necessary for a newly appointed employee to relocate to take up appointment a contribution towards relocation expenses may be made. The same policy applies to the Chief Executive and Head of Paid Service, Chief Officers and other employees in that payment will be made against a range of allowable costs for items necessarily incurred in selling and buying a property and moving into the area. A copy of the scheme is attached as Appendix B.
- 3.9. In accordance with the delegations agreed by Full Council the Appointments Committee is responsible for agreeing the salary for new appointments that exceed the specified threshold set, from time to time, by statutory guidance. The threshold, set by the Government, is currently £100,000.

#### Redundancy payments and payments on leaving

- 3.10. The Council has a single redundancy scheme which applies to all employees including Chief Officers (see Appendix C). The Council does not make any other payments to employees on termination of their employment other than those, where there is a statutory or contractual requirement to do so, such as payment for accrued and untaken annual leave.
- 3.11. Subject to paragraph 1.4 above, in exceptional circumstances other severance payments may be made subject to agreement of the Chief Executive and Head of Paid Service and the Director of Human Resources and as allowed for in the Council's scheme of delegation. Such payment will take account of the Council's contractual and legal obligations, value for money, reputation of the Council and goodwill towards the employee.
- 3.12. The Appointments Committee has decided, in accordance with delegations agreed by Full Council, that it will consider only those future severance packages where there are non-contractual and/or non-statutory elements to the proposed severance package which would mean that the severance package exceeds the specified threshold as a result of those elements. In those instances, the Committee will vote in respect of the non-contractual and/or non-statutory elements of such packages. For these purposes the specified threshold set, from time to time, by statutory guidance, is £100,000.

#### Re-employment of officers previously made redundant and retirement

- 3.13. Where an officer who has previously been made redundant from the Council applies for employment with the Council, their application will be treated on its own merits, the financial merits and wider interests of the Council and will have regard to any agreement under which the officer left their previous employment. Where an officer leaves the Council's employment through voluntary severance or voluntary redundancy arrangements, they will not be allowed to work for the Council in any capacity, including engagement via employment agencies or as a consultant, for a period of at least one year after leaving.

- 3.14. At the time of drafting this pay policy statement, the Government is proposing legislation that will: limit exit payments to £95,000 in the public sector; and require public sector employees earning more £80,000 to repay some or all of an exit payment if they return to public sector employment within twelve months. The Council will seek recovery of exit payments from previous employees and in so doing apply limits to exit payments in accordance with the legislation which is expected to become effective by 01 April 2016.
- 3.15. The Council permits flexible retirement, as permitted by the Local Government Pension Scheme Regulations where by an employee can receive a salary and be in receipt of a pension for doing the same job. Such retirement is on the basis that there is no cost to the Council. The pension of employees retiring before their normal retirement age is subject to an actuarial reduction as allowed for under the Local Government Pension Scheme Regulations, to reflect the financial impact on the pension fund by the employee's early retirement.

#### **4. Remuneration of lowest paid employees**

- 4.1. The definition of "lowest paid employee" is for local determination. The Council has agreed that the lowest paid employee will be those workers employed under a contract of employment on full-time equivalent hours, in accordance with the minimum grade of the Council's agreed grading structure. Workers, such as apprentices, who are engaged on fixed term training contracts, are excluded from this definition.
- 4.2. The Council is a London Living Wage employer and will pay the London Living Wage as its minimum rate of pay to employees, other than those engaged specifically on apprentice or similar training contracts. The Council will apply increases in the London Living Wage with effect from the 01 April following announcement of the increase. With effect from 01 April 2016 the full-time equivalent annual pay of the lowest paid employee will £17,646 which equates to an hourly rate of pay of £9.40 (the current London Living Wage).

#### **5. The relationship between the pay of Chief Officers and that of other staff**

- 5.1. The Council does not set the pay of individuals or groups of individuals by reference to a simple multiple of the pay of another individual or group. The use of simple pay multiples cannot capture the complexities and dynamics of a highly varied workforce. The Council sets pay as outlined above by reference to the evaluated level of responsibilities of the post or at a rate determined by a national pay body.
- 5.2. Although there is no requirement under the Localism Act, the Council has decided to publish its pay multiples to aid transparency and future benchmarking:
- The multiple for 2016-17 between the lowest paid employee and the chief executive and head of paid service is a ratio of 1:11.
  - The multiple between the lowest paid employee and the median chief officer is a ratio of 1:4.



- The multiple between the median pay and the chief executive and head of paid service's pay is a ratio of 1:6.
  - The multiple between the median pay and the average chief officers' pay is a ratio of 1:3.
- 5.3. As part of its overall and ongoing monitoring of alignment with external pay, both within and outside the sector, the Council will use available benchmarking information as appropriate.

**6. Non-permanent staffing resources**

- 6.1. To maintain flexibility in delivering services the Council supplements its employee workforce with workers who are not Council employees or on the Council payroll. This non-permanent resource includes consultants, who are procured under a Contract for (Consultancy) Services, and interims who are procured through the Councils managed service provider (the London Group Recruitment Partnership) or other approved third party providers including through the Council's neutral vendor framework.
- 6.2. In managing its non-permanent staffing resource, the Council seeks to ensure that: the Council and the wider public sector achieve value for money; tax and national insurance liabilities are managed appropriately; and contractual relationships between the Council, workers and thirds parties are properly reflected. In this regard, it is the Council's policy not to engage directly with self-employed individuals, or wholly owned one person limited companies in all but the rarest of exceptions. Where such arrangements are used, the Council seeks to limit them to a maximum duration of 24 months.
- 6.3. Where it is necessary to engage a worker at Tier 1 or Tier 2 temporarily as an interim or consultant, the remuneration paid to the individual will generally fall within the following rates. The higher rates of pay, compared to those paid to directly employed staff, are in recompense of interims and consultants not receiving all of the same conditions of employment, most notably regarding leave, pension, redundancy and notice.

<b>Grade of post</b>	<b>Day rate range £ (payable to the individual)</b>
Croydon Special Range	£400 - £525
Director	£525 - £775
Executive Director	£775 - £900
Chief Executive	£1200 - £1500

**7. Publication**

- 7.1. Upon approval by the full Council this statement will be published on the Council's website. In addition, the Council's Annual Statement of Accounts will include a note setting out the remuneration paid to each member of the corporate leadership team (the Chief Executive and Head of Paid Service and those reporting directly to him) including the total amount paid to each individual by way of: salary, including fees and allowances; performance related pay; expense allowances; compensation for loss of office; benefits in kind and

employers pension contributions. The Annual Statement of Accounts is published on the Council's website.

- 7.2. The Annual Statement of Accounts will also report on termination payments for all employees in keeping with international financial reporting standards. This will show the number of termination payments, within specific financial bands, made to employees during the year.

End

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**Pay structure for Chief Officers (excluding the Chief Executive and Head of Paid Service)**

**Tier 1**

<b>Post</b>	<b>Reference Point</b>	<b>Spot Salary</b>
Chief Executive	Single	£180,000*
Executive Director	Single	£150,000
Director (including "Assistant Chief Executive")	D4	£125,000
	D3	£115,000
	D2	£105,000
	D1	£95,000

\*this is for a fixed period July 2014 to July 2016

**Tier 2 (current)**

<b>Grade</b>	<b>Scp</b>	<b>Salary</b>
Croydon Special Range A	1	£58,173
	2	£60,150
	3	£62,127
	4	£64,095
	5	£66,078
Croydon Special Range B	6	£73,431
	7	£75,846
	8	£78,261
	9	£80,673

**Tier 2 (proposal, subject to consultation)**

<b>Post</b>	<b>Reference Point</b>	<b>Spot Salary (Indicative)</b>
Tier 2 (including heads of service)	T5	£82,250
	T4	£75,000
	T3	£68,000
	T2	£62,250
	T1	£55,000

**Car allowances and mileage payments**

	<b><u>451 - 999cc</u></b>	<b><u>1000 - 1199cc</u></b>	<b><u>1200 - 1450cc</u></b>
<b><u>Compulsory car users</u></b>		Only payable for cars within DVLA bandings A-E for CO2 emissions	
Lump sum per annum	£846	£963	£1,239
per mile first 8,500	36.9p	40.9p	50.5p
per mile after 8,500	13.7p	14.4p	16.4p

	<b><u>451 - 999cc</u></b>	<b><u>1000 - 1199cc</u></b>	<b><u>1200 - 1450cc</u></b>
<b><u>Other users</u></b>		Only payable for cars within DVLA bandings A-E for CO2 emissions	
per mile first 8,500	46.9p	52.2p	65.0p
per mile after 8,500	13.7p	14.4p	16.4p

**CROYDON COUNCIL**

**RELOCATION SCHEME**

**Introduction**

These guidelines may be used to overcome a skills shortage or as a recruitment and retention tool. The Council's approach to attracting, recruiting, developing and retaining talent sometimes needs to be supported to enable the placement of someone with known abilities and expertise into a specific role.

The decision to apply this scheme should be agreed before an offer of employment has been accepted and should preferably be displayed in the job advertisement. An "in principle" offer of assistance, subject to meeting the requirements of the scheme, must be contained in the offer of employment letter. An offer of a relocation package cannot be made after employment commences.

There is no automatic entitlement to help with relocation or the amount paid. Payment is subject to approval in all cases by the relevant tier 1 manager, production of receipts and the amount of budget available within the service. No central relocation budget exists, so payments must be made from the relevant department's own budget.

Relocation assistance will not exceed £8,000, will not normally be provided to employees already employed by the Council (including those on fixed term or temporary contracts) and can be paid once only. Any subsequent moves will not attract a payment.

**Eligibility**

The following criteria must be met to be eligible for a relocation payment;

- The applicant lives more than 90 minutes travelling distance away from the new workplace and is relocating to a location within that limit.
- all owners or joint owners of the residence are moving, if claiming fees connected with the sale and purchase of a property
- the applicant is moving within 6 months of starting their employment with the Council
- the applicant is not benefiting from relocation assistance from another source (e.g. their partner's employer)
- the applicant is moving to work solely for Croydon

**Conditions**

The recipient must sign an agreement to remain in Croydon Council's employment for a minimum of three years. If they leave voluntarily or are dismissed on grounds of misconduct or capability within three years, repayment will be due, charged at 1/36 of the total amount of expenses paid per uncompleted month of service.

Two quotes must be obtained for removal and storage expenses for which the lower amount may be reimbursed. Records of payments made will be recorded on the employee's personal file and retained by the manager who signs the agreement.

The employee is responsible for:

- taking steps to sell their property (if applicable) and obtaining accommodation within reasonable travelling distance (90 minutes) within 6 months of their start date with Croydon Council.
- seeking approval for any relocation expenses prior to incurring the expense.
- signing the three year agreement
- providing a full breakdown of costs and comprehensive receipts for all expenses claimed for under the scheme. Bank statements or credit card receipts cannot be accepted.
- providing at least two quotes if claiming for removal expenses.

The manager is responsible for:

- obtaining approval of the Director of Human Resources and their Director and the correct financial authorisation (including departmental expenditure panel if relevant), before offering a relocation package
- subject to the eligibility criteria, informing the successful candidate of the relocation scheme when offering the appointment
- ensuring that finances are available to fund a relocation package
- agreeing with the employee the types of expenses they are able to cover and the maximum amount to be paid
- reviewing the situation if positive steps are not being taken by the candidate/employee to sell and/or buy a new property within 6 months of starting their employment.
- ensuring an agreement is signed by the employee and storing a copy on their personal HR file
- keeping a copy of the agreement, a full breakdown of costs, receipts and quotes.
- arranging for payment(s) to be paid into the employee's bank account before the end of the tax year following their appointment date and that taxable payments are paid via Payroll

- ensuring that records of all payments are kept on the employee's personal HR file
- arranging the recovery of expenses if the employee leaves within three years, including writing to them to confirm the outstanding amount due and informing them if it will be taken out of their final salary or pension contributions.

## Tax

Relocation expenses up to £8,000 per move are currently tax free as long as they are provided by the employer before the end of the tax year following the date of appointment (including VAT on expenses), but some payments are taxable. The following expenses may or may not be included in the agreed package.

- Payment for rent where it is necessary to temporarily maintain two homes , up to a maximum of 6 months\*
- Travelling costs where two homes are temporarily maintained, up to a maximum of 6 months (either standard class train fares or casual car user mileage rates)
- Legal and Estate Agents fees connected with the sale and purchase of property
- Removal and storage of household furniture and effects
- Disconnection and reconnection of utilities\*
- Reinstallation of domestic appliances such as cookers and washing machines\*
- Charges incurred for ending a rental agreement early \*
- Deposit for rented accommodation \*
- Two days paid removal leave in addition to normal leave entitlement\*
- Refund of unexpired season tickets\*
- Shipping costs, if moving from abroad
- Survey Fees\*
- Unplanned costs such as school uniforms, carpets, curtains, \*
- Redirection of mail\*

\*subject to tax and NI contributions

As the tax position may change, it is advisable to check with the HMRC before finalising any arrangements under this guidance.

## **EARLY RETIREMENT & REDUNDANCY SCHEME (incl. Efficiency of the Service)**

*Council approved 1981.*

*Amended by Corporate Services Committee on 11 October 2006; effective from 1<sup>st</sup> December 2006*

*Amended 010410: legislative changes*

*Amended 010411: Employee Based Cost Review (EBCR)*

### **1. SCOPE AND PURPOSE OF SCHEME**

- 1.1. This scheme is without prejudice to the Council's and the trade unions' general policy of opposition to redundancies. It outlines the approach the Council may use when making staffing reductions through redundancy, early retirement on the grounds of redundancy, and early retirement on the grounds of efficiency of the service.
- 1.2. The scheme covers all categories of staff except teachers and lecturers for whom a separate scheme exists.
- 1.3. The scheme sets out the normal level of payments made to employees. Certain payments in the scheme are enhanced by the Council exercising its discretion, as allowed for in legislation. The exercise of the Council's discretion is subject to a decision in each case, and the Council reserves the right to apply different payments in particular cases. The Council also reserves the right to withdraw or suspend the scheme at any time.

### **2. GENERAL**

- 2.1. Where redundancies as defined in the Employment Rights Act 1996 are contemplated the Council may choose to seek volunteers for early retirement or redundancy from the staff. Should the number of volunteers for early retirement or redundancy exceed the required number of post reductions the Council will consult staff representatives about the method of selection.

### **3. EARLY RETIREMENT BY REASON OF REDUNDANCY (only for employees aged 55 and over)**

- 3.1. Employees aged 55 or more who are made redundant (including those who volunteer under paragraph 2.1) will be eligible for immediate payment of pension benefits if they have 2 or more years membership in the LGPS (or have less than 2 years membership, but have had a transfer of pension rights into the LGPS from another source).
- 3.2. In addition to immediate payment of pension benefits, employees with 2 years continuous service will also be entitled to a redundancy payment. The redundancy payment will be calculated as set out in section 4.



- 3.3. The granting of any augmentation in respect of redundancy and early retirement in the interests of the efficiency of the service is at the Council's discretion to compensate officers for the loss of position and future expectations as a result of the Council's actions. It is not in respect of past service, which is covered by pension entitlement arising from contributions made into the Pension Fund.
- 3.4. The costs of the early payment of benefits are charged to departmental budgets rather than the Pension Fund.

#### **4. REDUNDANCY**

- 4.1. Employees who are made redundant will receive a redundancy payment based on length of continuous service and age as laid down in the Employment Rights Act. The details of the statutory redundancy payments vary with age and length of service and a ready reckoner is set out in Appendix 1.
- 4.2. Continuous local government service (and certain related service) will be used where this exceeds service with the London Borough of Croydon and in calculating the redundancy payment the weekly pay used for calculating redundancy payments will be as follows:
- a) In cases of compulsory redundancy, by reducing by 50% the amount by which an employee's actual weekly pay exceeds the statutory cap e.g. with the statutory cap at £400 and an employee's actual weekly pay at £500, redundancy pay would be calculated on a revised weekly pay of £450.
  - b) In cases of voluntary redundancy, by reducing by 25% the amount by which an employee's weekly pay exceeds the statutory cap e.g. with the statutory cap at £400 and an employee's actual weekly pay at £500, redundancy pay would be calculated on a revised weekly pay of £475.

#### **5. EARLY RETIREMENT IN THE INTERESTS OF THE EFFICIENCY OF THE SERVICE**

- 5.1. The Council will consider applications from staff, supported by their Directors, for early retirement on the grounds of the efficiency of the service. Each case will be decided on its merits by the Assistant Chief Executive (Corporate Resources and Section 151 Officer) in consultation with the Director of Human Resources and the relevant departmental Director. They will use their discretion based on the following criteria:
- (a) staff suffering ill-health of a nature not covered by the ill-health provisions of the Pension scheme
  - (b) a change in the organisation of an establishment or department which does not give rise to redundancy
  - (c) staff who are unable to meet the changed requirements of their post
- 5.2. Employees aged 55 or over, who retire on the grounds of efficiency of the service are eligible for immediate payment of pension benefits if they have 2 or

more years membership in the LGPS (or have less than 2 years membership, but have had a transfer of pension rights into the LGPS from another source).

5.3. In these cases there is no entitlement to a redundancy payment.

## **6. COMPLYING WITH LEGISLATION**

6.1 The Council will only apply the above policy in a manner which is compatible with the law (inc. legislation, subordinate legislation and case law) and anything in this policy which is incompatible with the law shall be disregarded or applied only to the extent that doing so would not be contrary to the law as it is understood when the policy is applied in any particular case.

End

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**“Ready Reckoner” For Statutory Redundancy Pay**

**Figures in grid show the number of weeks pay due**

Continuous Service (Years)																			
Age	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
18 <sup>2</sup>	1																		
19	1	1½																	
20	1	1½	2																
21	1	1½	2	2½															
22	1	1½	2	2½	3														
23	1½	2	2½	3	3½	4													
24	2	2½	3	3½	4	4½	5												
25	2	3	3½	4	4½	5	5½	6											
26	2	3	4	4½	5	5½	6	6½	7										
27	2	3	4	5	5½	6	6½	7	7½	8									
28	2	3	4	5	6	6½	7	7½	8	8½	9								
29	2	3	4	5	6	7	7½	8	8½	9	9½	10							
30	2	3	4	5	6	7	8	8½	9	9½	10	10½	11						
31	2	3	4	5	6	7	8	9	9½	10	10½	11	11½	12					
32	2	3	4	5	6	7	8	9	10	10½	11	11½	12	12½	13				
33	2	3	4	5	6	7	8	9	10	11	11½	12	12½	13	13½	14			
34	2	3	4	5	6	7	8	9	10	11	12	12½	13	13½	14	14½	15		
35	2	3	4	5	6	7	8	9	10	11	12	13	13½	14	14½	15	15½	16	
36	2	3	4	5	6	7	8	9	10	11	12	13	14	14½	15	15½	16	16½	17
37	2	3	4	5	6	7	8	9	10	11	12	13	14	15	15½	16	16½	17	17½
38	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	16½	17	17½	18
39	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	17½	18	18½
40	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	18½	19
41	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	19½

<sup>2</sup> It is possible that an individual could start to build up continuous service before age 16, but this is likely to be rare, and therefore the table starts from age 18.

Continuous Service (Years)																			
Age	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
42	2½	3½	4½	5½	6½	7½	8½	9½	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½
43	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
44	3	4½	5½	6½	7½	8½	9½	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	21½
45	3	4½	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
46	3	4½	6	7½	8½	9½	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	21½	22½
47	3	4½	6	7½	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
48	3	4½	6	7½	9	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	21½	22½	23½
49	3	4½	6	7½	9	10½	12	13	14	15	16	17	18	19	20	21	22	23	24
50	3	4½	6	7½	9	10½	12	13½	14½	15½	16½	17½	18½	19½	20½	21½	22½	23½	24½
51	3	4½	6	7½	9	10½	12	13½	15	16	17	18	19	20	21	22	23	24	25
52	3	4½	6	7½	9	10½	12	13½	15	16½	17½	18½	19½	20½	21½	22½	23½	24½	25½
53	3	4½	6	7½	9	10½	12	13½	15	16½	18	19	20	21	22	23	24	25	26
54	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	20½	21½	22½	23½	24½	25½	26½
55	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22	23	24	25	26	27
56	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	23½	24½	25½	26½	27½
57	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25	26	27	28
58	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	26½	27½	28½
59	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28	29
60	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	29½
61*	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	30

\* The same figures should be used when calculating the redundancy payment for a person aged 61 and above.

**Notes:**

Statutory redundancy payments are based on length of continuous service (up to max of 20 yrs) and age as follows:

- for each completed year of service up to age 21 inclusive: half a week's pay
- for each completed year of service from age 22-40 inclusive: one week's pay.
- for each completed year of service from age 41 inclusive: one and a half week's pay.