

Scrutiny & Overview Committee Supplementary Agenda



5. 2023-24 Period 8 Financial Performance Monitoring Report
(Pages 3 - 42)

The Scrutiny & Overview Committee is presented with the Period 8 Financial Performance Monitoring report for its information. The Committee is asked to: -

1. Review the information provided in the report on the 2023-24 Period 8 Financial Performance Report, and
2. Consider its conclusions on the latest budget position for 2023-24
3. Consider whether there are any recommendations to bring to the attention of the Mayor.

6. Budget Scrutiny 2024-25 (Pages 43 - 192)

The Scrutiny and Overview Committee is provided with a Cabinet report setting out the Mayor's Budget Proposals for 2024-25. The Committee is asked to:-

1. Note the feedback from the Scrutiny Sub-Committee meetings focussed on their respective budget areas.
2. Note the Cabinet report presenting the Mayor's proposed

Budget for 2024-25.

3. Consider the conclusions of the Committee on 2024-25 budget, to be submitted for the consideration of the Mayor at the Cabinet meeting on 14 February 2024, including:-
 - a) Are the savings deliverable, sustainable and not an unacceptable risk?
 - b) Is the impact on service users and the wider community understood?
 - c) Have all reasonable alternative options been explored and do no better options exist?
 - d) Consider whether there are any further conclusions on the 2024-25 budget the Committee would like to bring to the attention of the Mayor.

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LONDON BOROUGH OF CROYDON

REPORT:	Scrutiny & Overview Committee	
DATE OF DECISION	12 February 2024	
REPORT TITLE:	2023-24 Period 8 Financial Performance Report	
CORPORATE DIRECTOR	Jane West, Corporate Director of Resources (Section 151) jane.west@croydon.gov.uk 020 8726 6000 Ext 27320	
LEAD OFFICER:	Allister Bannin, Director of Finance	
LEAD MEMBER:	Councillor Jason Cummings Cabinet Member for Finance	
AUTHORITY TO TAKE DECISION:	The attached report is presented to the Scrutiny & Overview Committee as part of its ongoing Budget Scrutiny work.	
KEY DECISION?	No	
CONTAINS EXEMPT INFORMATION? <i>(* See guidance)</i>	No	Public
WARDS AFFECTED:	All	

1. 2023-24 PERIOD 8 FINANCIAL PERFORMANCE REPORT

- 1.1. Attached at Appendix A to this cover report is the latest financial performance of the Council at the end of period 8 (November 2023).
- 1.2. The report is presented to the Scrutiny & Overview Committee as part of its ongoing scrutiny of the budget, allowing reassurance to be sought on the delivering of 2023-24 budget.

2. RECOMMENDATIONS

- 2.1. The Committee is asked to: -
 1. Review the information provided in the report on the 2023-24 Period 8 Financial Performance Report, and
 2. Consider its conclusions on the latest budget position for 2023-24

3. Consider whether there are any recommendations to bring to the attention of the Mayor.

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Appendix A: 2023-24 Period 8 Financial Performance Report

LONDON BOROUGH OF CROYDON

REPORT:	CABINET		
DATE OF DECISION	14 February 2024		
REPORT TITLE:	2023-24 Period 8 Financial Performance Report		
CORPORATE DIRECTOR	Jane West Corporate Director of Resources (Section 151 Officer)		
LEAD OFFICER:	Allister Bannin, Director of Finance (Deputy S151)		
LEAD MEMBER:	Cllr Jason Cummings, Cabinet Member for Finance		
KEY DECISION?	Yes	Reason: Key Decision – Decision incurs expenditure, or makes savings, of more than £1,000,000 or such smaller sum which the decision-taker considers is significant having regard to the Council’s budget for the service or function to which the decision relates	
CONTAINS EXEMPT INFORMATION?	No	Public Grounds for the exemption: N/A	
WARDS AFFECTED:	All		

1 SUMMARY OF REPORT

1.1 This report provides the Council’s financial performance as at Period 8 (November 2023) for the General Fund, Housing Revenue Account (HRA) and the Capital Programme. The report forms part of the Council’s financial management process for publicly reporting financial performance on a monthly basis.

Financial Performance Summary Table

Financial Performance Area	2023-24 Revised Budget (£m)	2023-24 Forecast (£m)	2023-24 Forecast Variance (£m)	2023-24 Forecast Variance (%)
Revenue Forecast (General Fund)	340.9	339.6	(1.3)	(0.4%)
Revenue Forecast (Housing Revenue Account)	-	12.0	12.0	N/A
Capital Forecast (General Fund)	127.1	106.3	(20.7)	(16.3%)
Capital Forecast (Housing Revenue Account)	37.2	39.0	1.8	4.8%

2 RECOMMENDATIONS

For the reasons set out in the report, the Executive Mayor in Cabinet is recommended:

- 2.1** to note the General Fund revenue budget outturn is forecast to underspend by £1.3m at Period 8, after the budgeted utilisation of £63m capitalisation directions requested from DLUHC.
- 2.2** to approve within budget the inter-directorate virement of £2.1m non-pay inflation budget from the Adult Social Care & Health directorate to the Housing directorate on a one-off basis in 2023-24, as set out in paragraph 4.12.
- 2.3** to note the progress in MTFs savings achievement as set out in paragraph 4.103.
- 2.4** to note the work that has commenced on the Council's Transformation Programme as set out from paragraph 4.98.
- 2.5** to note the Housing Revenue Account (HRA) revenue budget outturn is forecast to overspend by £12.0m.
- 2.6** to note the General Fund capital programme 2023-24 forecast underspend of £20.7m against the revised capital budget of £127.1m. The 2023-24 General Fund capital budget has been updated to reflect the changes agreed through the Capital Programme and Capital Strategy 2023-29 report at the Cabinet meeting on 6 December 2023.
- 2.7** to note the HRA capital programme 2023-24 forecast overspend of £1.8m against the revised capital budget of £37.2m. The 2023-24 HRA capital budget has been updated to reflect the changes agreed through the Capital Programme and Capital Strategy 2023-29 report at the Cabinet meeting on 6 December 2023.
- 2.8** to note the Council's historic borrowing and subsequent debt burden continues to be critical to the non-sustainability of the Council's revenue budget. Dialogue with the Department for Levelling Up, Housing and Communities (DLUHC) continues, and the Council is seeking further financial support from Government in regard to its level of structural indebtedness to ensure it can deliver sustainable local government services.
- 2.9** to note that the Council continues to operate Spend Control Panels to ensure that tight financial control and assurance oversight are maintained.
- 2.10** to note that current forecasts are based on the best available information at the time and will be subject to review and change during the financial year.

3 REASONS FOR RECOMMENDATIONS

- 3.1** The Financial Performance Report is presented monthly to Cabinet and provides a detailed breakdown of the Council's financial position and the in-year challenges it faces. It covers the General Fund, Housing Revenue Account (HRA) and Capital Programme. The Financial Performance Report ensures there is transparency in the financial position, and enables scrutiny by the Executive Mayor, Cabinet, Scrutiny & Overview Committee and the public. It offers reassurance regarding the commitment by Chief Officers to more effective financial management and discipline.

4 BACKGROUND AND DETAILS

- 4.1** The 2023-24 budget approved by Council in March 2023 set a net revenue budget of £340.9m. This required capitalisation directions from government of £63m to balance, owing to resolving historical inaccurate accounting treatments and to fund the ongoing annual cost of servicing the disproportionate level of debt.
- 4.2** The Council's historic legacy borrowing and debt burden continues to be critical to the non-sustainability of the Council's revenue budget.

Cost of Living Considerations

- 4.3** There are a number of inflationary pressures that the Council, like all local authorities, is managing. The UK's Consumer Prices Index (CPI) inflation rate was 3.9% in the 12 months to November 2023, remaining higher than the Bank of England's target rate of 2% albeit reduced from the peak of 11.1% in October 2022. The inflationary impact goes beyond the Council as the cost of living is affecting all households and businesses.
- 4.4** These macro-economic factors are impacted by international events and, therefore, well beyond the control of Croydon Council. Despite the limitations, the Council is seeking to support households wherever possible.
- 4.5** A dedicated cost of living information hub has been established on the Council's website. This provides a single source of information, informing residents of the financial support available and signposting to further support, advice and guidance.
- 4.6** The Council provides a wide range of support for residents that may be struggling owing to cost of living pressures. These include:
- Discretionary support for residents in financial hardship, including the Household Support Fund
 - Council Tax Support Scheme – for residents on a low income or in receipt of benefits, Council Tax bills could be reduced by up to 100%
 - Council Tax Hardship Fund (supporting low income households that cannot afford to pay their full increase in Council Tax)

- Housing Revenue Account (HRA) discretionary fund targeted for tenants that are not in receipt of housing benefit
- Benefits calculator, to ensure residents receive the support to which they are entitled
- Energy advice, including heating and money saving options, through the Croydon Healthy Homes service
- Free holiday activity clubs with healthy meals for children
- Croydon Works to help residents into employment or to receive training to support them into work and funding of the voluntary sector to provide advice and guidance

4.7 The cost of living information hub also signposts residents to a range of support provided by other organisations in Croydon, including:

- NHS Healthy Start vouchers for families
- Free school meals
- Support from voluntary, community and faith sector organisations
- Support for businesses through the London Business Hub and the British Business Bank
- CroydonPlus credit union which offers affordable ways to manage money, including savings accounts and loans

GENERAL FUND REVENUE BUDGET SUMMARY

4.8 The General Fund revenue forecast outturn shows an overall underspend of £1.3m, however this is following the budgeted utilisation of the £63m capitalisation directions requested from DLUHC. Although the current overall forecast does not utilise the risk contingency budget, individual service directorates in an overspend position will work to bring their positions within budget as well.

Table showing the revenue forecasts by Directorate

Directorate	Net Budget (£m)	Actuals to Date (£m)	Forecast (£m)	Forecast Variance (£m)	Prior Month Forecast Variance (£m)	Change in Forecast Variance (£m)
Adult Social Care and Health	142.9	105.2	141.6	(1.3)	(1.0)	(0.3)
Assistant Chief Executive	43.8	26.5	42.6	(1.2)	(0.9)	(0.3)
Children, Young People and Education	101.4	51.6	105.5	4.1	5.4	(1.3)
Housing	21.8	20.0	21.8	-	-	-
Resources	38.3	124.2	35.4	(2.9)	(2.0)	(0.9)
Sustainable Communities, Regeneration & Economic Recovery	73.9	45.2	73.9	-	-	-
Subtotal Service Directorates	422.1	372.7	420.8	(1.3)	1.5	(2.8)
Corporate Items and Funding	(81.2)	(30.2)	(81.2)	-	(1.5)	1.5
Total Net Expenditure Budget	340.9	342.5	339.6	(1.3)	-	(1.3)

- 4.9** Work will continue through to the end of the year to manage those areas with forecast overspends to ensure the Council remains within budget.
- 4.10** The Council continues to build on the improvements in financial management that were made in the last financial year. However, there is a considerable amount yet to do, which is fully recognised within the organisation.
- 4.11** A financial assurance process and independent challenge of expenditure and income takes place. This is in addition to Cabinet and Scrutiny & Overview Committee review. The assurance meetings provide the Corporate Director of Resources (Section 151 Officer) and the Chief Executive with an opportunity to scrutinise and challenge the forecast outturn, review risks and opportunities, and ensure that savings are delivered and income targets are met. The meetings ensure the Council is doing all it can to reduce overspends and deliver a balanced budget.

Realignment of non-pay inflation budget

- 4.12** The Adult Social Care and Health directorate received additional grant funding in September 2023 in regard to the Market Sustainability and Improvement Fund (MSIF). This supports exceptional inflationary pressures on residential and community based services, which allows £2.1m of previously allocated non-pay inflation budget to be transferred on a one-off basis in 2023-24 to the Housing directorate to support current pressures in emergency accommodation. The Executive Mayor in Cabinet is requested to approve the transfer as set out in the table below.

Table showing budget virement between directorates

Budget category	Current Directorate	New Directorate	Net Expenditure Budget (£000's)
Non-pay inflation	Adult Social Care and Health	Housing	2,100

DIRECTORATE VARIANCES

ADULT SOCIAL CARE AND HEALTH (ASCH)

Division	Net Budget (£m)	Actuals to Date (£m)	Forecast (£m)	Forecast Variance (£m)
Adult Social Care Operations	124.1	101.1	123.9	(0.2)
Adult Strategic Commissioning, Policy & Improvement	16.9	2.8	15.8	(1.1)
Central ASCH	1.9	1.3	1.9	-
Total ASCH	142.9	105.2	141.6	(1.3)

- 4.13** At period 8 the ASCH directorate has a forecast underspend of £1.3m (0.9%) against a budget of £142.9m which is an improvement of £0.3m from period 7.
- 4.14** The ASCH Directorate has challenging savings targets totalling circa £10m to deliver in 2023-24 on placements and care packages through demand management, commissioning and review of care packages.

Adult Social Care Operations - Forecast underspend of (£0.2m)

- 4.15** Staffing across this division demonstrates a forecast underspend (broken down by area below) owing to periods of vacancy above the £1m MTF5 5% vacancy factor saving applied to staffing budgets in 2023-24. There is a national shortage of both social workers and occupational therapists and recruitment to many roles is proving challenging. The staffing underspend is reduced by the need to employ agency social workers and occupational therapists to ensure statutory duties are met and that transformation is delivered.
- 4.16** Localities & LIFE have an underspend of (£1.5m) owing to a net underspending on care of (£0.9m) and staffing (excluding agency) of (£0.7m), partially offset by an overspend on equipment costs of £0.1m.
- 4.17** Working Age Adults and Transitions has an overspend of £3.6m, an improvement of (£0.1m) from period 7. This comprises a reduced overspend on care of £3.7m (owing to clients with increased care needs) which is partly mitigated by an underspend in staffing of (£0.1m). The service is managing demand to reduce pressures coming into the service and this is estimated to have resulted in a positive impact on the forecast of circa £2m. The service is on target to achieve savings of £5.3m and has committed to achieving further savings to offset the budget pressure.
- 4.18** Provider Services has a (£1.3m) forecast underspend on staffing owing to vacancies.
- 4.19** Safeguarding service has a (£0.2m) forecast underspend on staffing owing to vacancies across the service.
- 4.20** Business Compliance and Early Intervention has a (£0.1m) forecast underspend on staffing owing to vacancies.
- 4.21** Mental health services have a (£0.7m) forecast underspend owing to the application of external discharge funding.

Adult Social Care Policy and Improvement – Forecast underspend of (£1.1m)

- 4.22** The Policy and Improvement division is forecasting an underspend of (£1.1m) owing to staffing vacancies and minor contract underspends.

Central ASCH – Forecast breakeven position

- 4.23** This area is forecast to breakeven against the budget for central staffing and non-pay budgets.

4.24 Risks

- Risks continue in the provider market from inflation including higher fuel, labour and property costs which may result in claims for increased fees and/or financial instability with the potential for 'handing back' contracts. The potential reprovisioning costs if providers exit the market could be significant. It should be noted that this risk is already materialising. Providers are requesting increases in costs for existing care packages and new placements are increasing in costs. These are included in the forecast and are hardest felt in the working age adult cohort.

4.25 Opportunities

- Savings achievement is improving and will support the forecast going forward for the ASCH directorate.

ASSISTANT CHIEF EXECUTIVE (ACE)

Division	Net Budget (£m)	Actuals to Date (£m)	Forecast (£m)	Forecast Variance (£m)
Policy, Programmes and Performance	5.2	3.3	4.7	(0.5)
Elections Service	0.4	0.1	0.4	-
Croydon Digital and Resident Access	33.6	20.1	33.1	(0.5)
Chief People Officer	3.9	2.3	3.7	(0.2)
Central ACE	0.7	0.6	0.7	-
Covid Grants	-	0.1	-	-
Total ACE (General Fund)	43.8	26.5	42.6	(1.2)
Public Health Grant Ringfenced Services	-	7.9	-	-

- 4.26 At period 8, the Assistant Chief Executive directorate has a General Fund forecast underspend of £1.2m (2.7%) against a budget of £43.8m.

Policy, Programmes & Performance Division - £0.5m forecast underspend

- 4.27 Recruitment is continuing into the new staffing structure for the Policy, Programmes and Performance Division. The forecast underspend is owing to periods of vacancy of some posts in the new structure.

Elections Service - breakeven position

- 4.28 There is a breakeven forecast against budget for the Council's core Elections Service.

Croydon Digital and Resident Access Division - £0.5m forecast underspend

- 4.29 Underspends in Concessionary Travel are forecast owing to staff vacancies and a favourable final concessionary travel settlement for the year.

- 4.30 The Digital and Resident Access Division is undergoing a review to assess the achievability of in-year MTFs savings for staffing and IT contracts.

Chief People Officer Division - £0.2m forecast underspend

- 4.31** Staffing related underspends and lower than expected training expenditure is offsetting the overspend in the payroll service owing to the delay in the restructure of the team.

Central Assistant Chief Executive – breakeven position

- 4.32** There is a breakeven forecast against budget for the Central Assistant Chief Executive.

Public Health Division – breakeven position in ringfenced grant after movement in reserves

- 4.33** It is currently forecast that Public Health will contribute £3.7m to ring fenced Public Health reserves at the end of 2023-24.

- 4.34** A Council wide task and finish group has been set up to address underspends in the Public Health Grant for the current year, and the accumulated balance on the balance sheet as an earmarked Public Health reserve from underspends in previous years, by identifying appropriate commissioning opportunities. Work is ongoing to review and identify new funding opportunities and reshape delivery opportunities.

Contain Outbreak Management Fund (COMF) Allocations

- 4.35** The Council received £13.1m Contain Outbreak Management Fund (COMF) grant to support the immediate response and subsequent ongoing impact from the Covid-19 pandemic. There was £4.975m of COMF grant available for allocation as at April 2023. The table below shows the agreed allocations for the remaining funding which needs to be spent by the end of September 2024.

Table showing COMF Grant Allocations

Project	Lead Directorate	Allocation (£000's)
Cleaner, Safer, Healthier Town Centre Operations Team	SCRER	500
ASCH System Support Package	ASCH	91
Croydon Creative and Active Programme	SCRER	248
Developing and Increasing Access to ASCH services	ASCH	55
Access to Services for Deaf Users	ASCH	25
Telecare and Careline Digital Switchover	ASCH	270
Vulnerable Adult Support Officers x2	ASCH	118
Adult Social Care Front Door Experienced Social Worker and 2 Early Intervention Case Navigators	ASCH	178
Information Management	ACE	498
London Borough of Culture	SCRER	200
Fairfield Halls Independent Evaluation	SCRER	65
Equalities Team Capacity	ACE	100
VCFS Voluntary Sector Bid Writing Training	ACE	35
Neighbourhood Targeted Intervention Project Team	SCRER	115
Early Years Library Development Programme	SCRER	148
Creative Wellbeing Through Schools	SCRER	120
Private Sector Housing Team - Houses in Multiple Occupation (HMO) Inspection	Housing	161

Project	Lead Directorate	Allocation (£000's)
Private Sector Housing Team - Stock Condition Survey	Housing	268
Emergency Preparedness & Covid-19 Debrief, Review and Business Continuity Digitisation	SCRER	150
Homeless Application Backlog	Housing	264
Data Analyst	Housing	132
Homelessness	Housing	1,234
Total Allocation		4,975

4.36 Risks

Elections

The majority of the costs of administering the London Assembly, Mayor of London, and a potential General Election, in 2024 will be reclaimed from the Greater London Authority (GLA) and the UK Government's Consolidated Fund. As the criteria for reclaiming costs have not yet been set, there is a risk that the Council may incur costs which cannot be reclaimed which would need to be funded corporately. It is likely that any such costs will fall in the 2024-25 financial year.

Croydon Digital & Resident Access – Digital Operations

Savings relating to the End User Service transformation (£0.5m) and the workforce review (£0.55m) are likely to slip into the 2024-25 financial year. This has already been reflected in the forecast.

4.37 Opportunities

There are no opportunities to report on at this time for the ACE directorate.

CHILDREN, YOUNG PEOPLE AND EDUCATION (CYPE)

Division	Net Budget (£m)	Actuals to Date (£m)	Forecast (£m)	Forecast Variance (£m)
Children's Social Care	76.0	43.1	79.6	3.6
Unaccompanied Asylum-Seeking Children (UASC) and UASC Care Leavers	(0.3)	6.1	0.2	0.5
Asylum Seekers and Homes for Ukraine	-	(6.6)	-	-
Quality, Commissioning and Performance Improvement	7.6	3.4	7.7	0.1
Non-DSG Education Services	17.6	5.3	17.5	(0.1)
Central CYPE	0.5	0.3	0.5	-
Total CYPE (General Fund)	101.4	51.6	105.5	4.1
Dedicated Schools Grant (DSG) High Needs Education Services	82.0	53.8	82.7	0.7
Dedicated Schools Grant (DSG) Early Years Block	31.1	22.8	31.1	-

4.38 At period 8, the CYPE directorate has a General Fund forecast overspend of £4.1m (4.0%) against a budget of £101.4m. This is a favourable movement of £1.3m since period 7.

Children's Social Care Division – forecast overspend of £4.1m (including UASC and UASC Care Leavers)

£3.3m placements overspend owing to six active high-cost placements including residential, semi-independent and secure. Four of these high-cost placements are new in 2023-24.

Analysis is being undertaken on a continuous basis to review all high-cost placements with the aim to reduce spend where possible. Senior officers are engaging robustly with neighbouring councils who have placed children and families with complex needs in the borough in temporary accommodation. Where this provision does not meet the family's specialist needs, Croydon's placement costs can be up to £1m per annum.

£0.1m staffing underspend owing to delays in recruitment.

£0.3m under-achievement in income (including £0.5m unachieved 2022-23 MTFS NHS Funding savings which have been partially offset through other income).

£0.1m potential overspend on Adopt London South, over and above the agreed budget owing to interagency fees and staffing costs across the consortium calculated at year end.

£0.5m overspend in the Unaccompanied Asylum-Seeking Children (UASC) budget because of the disproportionate number of care experienced young people who were formerly unaccompanied children. At 18 years old the grant provided by the Home Office to the Council for young people's care and support reduces significantly.

Quality, Commissioning and Performance Improvement Division – forecast overspend of £0.1m

4.39 The division is forecasting a staffing overspend of £0.2m from the impact of increased quality assurance activity to track the impact of the pandemic on outcomes for children. The pressure may reduce during the year if there are periods of vacancy. The staffing pressure is being partially offset through a £0.1m forecast underspend in non-pay budgets.

Non-DSG Education services – forecast underspend of £0.1m

4.40 Non-DSG Education services are still forecasting an underspend of £0.1m at Period 8, with staffing vacancies offsetting income pressures in other parts of the service.

4.41 £0.3m unachieved 2022-23 MTFS NHS Funding savings are being mitigated by underspends in other areas of the service.

Dedicated Schools Grant (DSG) High Needs education services – forecast overspend of £0.705m

- 4.42** The SEND High Needs forecast at period 8 is an overspend of £0.705m against the budget of £82.059m. This is a £0.027m adverse movement from period 7 due to additional funding for complex cases agreed with some schools.
- 4.43** The overall variance at Period 8 represents £0.020m favourable variance from the expected overspend of £0.725m submitted to the Department of Education (DfE) Safety Valve Team as part of the approved Deficit Recovery Plan. The service is delivering all the savings strategies as set out in the Safety Valve (SV) agreement including the use of the High Needs Provision Capital Allocation (HNPCA) to help deliver more local schools places as well as improve existing provisions to meet the increasing placement demands for complex needs pupils. The service submitted the 2023-24 Quarter 3 High Needs monitoring reports to the DfE Safety Valve team on 15 November 2023 in line with the deadline.
- 4.44** See below the key areas:
- £2.226m Out of Borough and Independent – Forecast overspend due to an increase in complex cases above that expected, requiring out of borough placements to meet needs. The service is in discussions with some local providers to set up Enhanced Learning Provision during the Autumn Term.
- £1.110m overspend due to increased placements in Mainstream Education provision exceeding the budgeted allocation. This forms part of the invest to save SEND strategy in year 2.
- (£0.406m) underspend in Early Years provision.
- (£0.250m) underspend in top up funding related to delayed implementation of the proposed expansion of Enhanced Learning Provision across a few schools.
- (£0.953m) underspend in the Service Transformation budget set up to support the DSG Deficit Recovery strategy.
- (£0.400m) underspend in funding related to staffing cost in therapies and support services owing to service re-alignment to maximise savings.
- (£0.622m) expected clawback from specific Resource Provision (academies) for extra funding received from DfE.
- 4.45** Dedicated Schools Grant (DSG) High Needs education services will continue to closely monitor the demand pressures in Independent and Out of Borough placements owing to cost implications. Addington Valley Academy, St Nicholas, Coulsdon College Croydon, and Waddon Youth Disability Services are increasing placement numbers, which is reducing high-cost placements out of borough.
- 4.46** The 2023-24 period 8 High Needs forecast outturn variance of £0.705m leads to an overall DSG deficit projection of £16.089m at the end of 2023-24 compared to the

Safety Valve target of £16.109m prior to the £3.290m Deficit Recovery payment from the DfE as per the Safety Valve agreement. This demonstrates that the Council is still ahead of the DfE target.

Dedicated Schools Grant (DSG) Early Years Block – forecast breakeven position

4.47 The Department for Education (DfE) provides six key funding streams for the Early Years Block. The budget allocation for 2023-24 is £31.088m and a breakeven position is forecast at Period 8. The government recently announced an additional grant (Supplementary funding) of £2.507m for Croydon covering the period from September 2023 to March 2024. The DfE operational guide directs local authorities to “pass-through” 100% of the allocation to the sector and the Council is on target to meet the DfE requirements. Schools Forum was recently provided with updates on the payment to date.

4.48 Risks

- The Children’s Social Care Division is monitoring placement and care package expenditure during the year. Pressure on placement spend is due to the sufficiency challenges both locally and nationally. The introduction of regulation for supported accommodation is predicted to increase charges as providers seek to pass on costs to Local Authorities. “Costs of new Ofsted regulation and inspection regime for semi-independent placement provision could be nine times higher than government funding, whilst one in five care beds could be withdrawn”, report warns – London Innovation and Improvement Alliance (LIIA).
- The service is also reviewing the housing accommodation charges from the Housing General Fund for Care Experienced Young People.
- The £0.3m unachieved income budget within the High Needs General Fund budget poses an indirect financial risk to the Safety Valve target should there be a need to offset the £0.3m potential shortfall to support activities or resources (EHCP Coordinators) within the SEND service. The service is exploring all mitigating options available.
- The service is monitoring all the risks associated with the Safety Valve target which includes increasing complexity of needs requiring additional funding for special schools, increasing placement costs and extra out of borough placements to meet the local needs of some CYP pupils with complex needs.

4.49 Opportunities

- There could be some staffing underspends from periods of vacancy.
- Potential underspend of £0.3m in legal costs, if the lower numbers of care proceedings and UASC age assessment challenges continue.

HOUSING

Division	Net Budget (£m)	Actuals to Date (£m)	Forecast (£m)	Forecast Variance (£m)
Resident Engagement and Allocations	21.8	20.0	21.8	-
Housing Estates and Improvement	0.0	0.0	0.0	-
Total Housing	21.8	20.0	21.8	-

- 4.50** At period 8, the Housing directorate has a General Fund forecast breakeven position against the budget of £21.8m. This position is after the transfer of non-pay inflation budget of £2.1m from the Adult Social Care and Health directorate requested in this report.
- 4.51** An allocation of £1.234m has been agreed from the Contain Outbreak Management Fund (COMF) grant, with £1m supporting homelessness costs and £0.234m supporting the clearing of the homelessness casework backlog.
- 4.52** There is a crisis within the London housing market that is creating significant demand for services, and it is difficult to predict how far or fast demand will continue to grow. The data available following the changeover of rent account systems to the new NEC IT system is now improving although further improvements to forecasting accuracy can be expected as data quality is addressed, reporting is developed further, and more data analysis is performed.
- 4.53** Current financial modelling of a worst case scenario for emergency and temporary accommodation indicates that the 2023-24 overspend could increase up to circa £4m and this will be monitored closely over the remaining months of the financial year to check whether levels of new temporary accommodation placements continue at the current higher level or return to being in line with longer term historical trends. The pressures experienced by Croydon are also being experienced across London and nationally and therefore central government may provide in-year funding such as through a potential winter pressure top up to the Homelessness Prevention Grant (which has not been announced to date, but was provided in recent years).
- 4.54** A top-up to the Homelessness Prevention Grant (HPG) of £1.9m has been announced by DLUHC to cover homelessness pressures relating to Ukrainian refugees. This funding may also be used to fund wider homelessness pressures and reporting requirements are in line with the existing HPG requirements. The grant top-up could also help offset any potential detriment to income collection resulting in the bad debt provision being increased at year end.

Emergency Accommodation

- 4.55** There are a number of factors that impact expenditure against this budget. Firstly, there has been a demand rise in the number of households that have been placed into Emergency Accommodation. The factors that have pushed up demand include:

- The large number of bailiffs warrants from the private sector being issued as the courts are catching up with the backlog of cases since the Covid amnesty. Restrictions were lifted in 2021 but there has been a long backlog through the courts for these cases hence the delayed impact on the homelessness service.
- The number of asylum-seeking households which is adding a pressure on available affordable accommodation. From August 2023 the Home Office accelerated their decision making for asylum claims and give very short notice when people are to be evicted from their accommodation. This is an additional pressure as the Council does not receive any financial assistance for these households.
- Family evictions are also increasing, potentially linked to the decrease in availability of affordable housing in the private rented sector (PRS) and the increase in evictions detailed above and subsequent short-term arrangements breaking down.

4.56 Additional to the increase in demand the service discovered a backlog of circa 2,000 cases and appointments following the implementation of the Housing Needs Service structure. As the backlog team deal with these cases there are now additional placements in EA.

4.57 There is a shortage of suitable Emergency Accommodation to meet the increasing demand, so the Council is relying on expensive commercial hotels and the cost can be expected to increase.

Temporary Accommodation

4.58 Numbers of households in temporary accommodation are expected to fall slightly and steadily across the year (in contrast to nightly paid accommodation) and is adding to the pressure on emergency accommodation as properties are being moved away from Council access in the private rental sector by landlords who are impacted by the economic situation.

Risks

4.59 The implementation of the new NEC IT system experienced a delay in setting up the interfaces between NEC and the Oracle finance system. The income interface is now posting income from the NEC system into the Oracle finance system, however there are reconciliations still being carried out. There may be a requirement to increase the loss allowance (bad debt provision) at the end of 2023-24 depending on the level of income collection achieved in year.

4.60 The Housing Directorate continues to be impacted by the difficult housing market within London as private sector landlords are increasing rents or leaving the market, and tenants are struggling with cost of living pressures. There are forecasting difficulties in predicting how much rental costs could increase further and at what pace.

4.61 There are difficulties in negotiating and approving price rises without losing properties or fuelling the rises further. Regular meetings with neighbouring boroughs are being held to ensure collective agreements are being made with the larger providers of emergency accommodation.

- 4.62** There has been a concerted effort to hold homelessness accommodation costs down across London through partnerships with organisations like Capital Letters and via the agreed Pan-London temporary accommodation rates. The rates can no longer be contained though as demand outweighs available affordable supply. At a Pan London meeting, all boroughs confirmed that they are no longer paying the agreed Pan London rates to ensure they meet their demand challenges. A combination of all these factors has led to an increase in both the average cost of emergency and temporary accommodation that Croydon can secure to meet demand, as well as an increase in the use of nightly paid emergency accommodation to compensate for the loss of some longer-term leased accommodation because of landlords leaving the market.
- 4.63** There is a potential financial risk from the fire at Sycamore House in Thornton Heath depending on the insurance claim settlement not yet finalised. This risk was considered in closing the 2022-23 accounts and so any difference in the estimated income of 70% of costs from the insurers will either be a charge or a benefit in the 2023-24 accounts.
- 4.64** There is a potential budget pressure, above the currently estimated £1.2m for 2023-24 which has been funded through the economic demand pressures budget transfer agreed in Period 3, in relation to housing benefit subsidies for the Guaranteed Rent Scheme for Care Experienced Young People. The pressure impacts the Housing Directorate as it forms part of the cost of temporary accommodation. The housing benefit subsidy pressure will be monitored throughout the year and mitigated where possible.
- 4.65** There is a potential pressure on the housing budget due to temporary accommodation management fees of £40/week/unit paid through Housing Benefit and not recoverable through subsidy from DWP. From 1 April 2017, in line with the government announcement in the 2015 spending review, funding was devolved to Local Authorities through the Homelessness Prevention Grant with the aim of allowing Councils to better manage their temporary accommodation pressures. The pressure is being monitored through the ongoing Housing Benefit review project work.

Opportunities

- 4.66** Housing will continue to ensure that the use of ringfenced Household Support Fund and Rough Sleeping initiative grants is used both within the grant terms and to maximise the mitigating effect on the general fund spend, e.g. by targeting households in rent arrears for support.
- 4.67** DLUHC have in the prior two financial years issued a winter pressures top-up grant amount to the Homelessness Prevention Grant. This has not been confirmed or ruled-out for 2023-24.
- 4.68** The Council is reviewing asylum seeker and refugee grant funding for allocation to related homelessness costs.

- 4.69** There are opportunities from accommodation that is coming on stream for placing homelessness clients, which will provide alternative temporary accommodation and reduce the use of expensive nightly paid accommodation.
- 4.70** The restructure for Housing Needs has been implemented and will form the bedrock for process change and a more cohesive journey for a homeless household. The financial benefits are expected to be realised in the longer term from better practice resulting in reduced spend on homelessness.

RESOURCES

Division	Net Budget (£m)	Actuals to Date (£m)	Forecast (£m)	Forecast Variance (£m)
Commercial Investment	19.3	7.5	16.6	(2.7)
Finance (<i>refer note 1</i>)	17.1	109.5	17.1	-
Legal Services and Monitoring Officer	2.7	3.5	2.7	-
Insurance, Anti-Fraud and Risk	0.6	2.1	0.5	(0.1)
Internal Audit Service	0.5	0.4	0.5	-
Pensions and Treasury	0.4	1.0	0.4	-
Central Resources	(2.3)	0.2	(2.4)	(0.1)
Total Resources	38.3	124.2	35.4	(2.9)

Note 1: The actuals to date are high in the Finance Division owing to Housing Benefits expenditure which will be reimbursed through DWP funding.

- 4.71** At period 8, the Resources directorate has a General Fund forecast underspend of £2.9m (7.6%) against a budget of £38.3m.

Commercial Investment Division – £2.7m forecast underspend

- 4.72** The division continues to forecast decreased utilities costs and improved recharging to external bodies. There are also £0.5m of staffing underspends across the division, mainly in Facilities Management owing to periods of staffing vacancy, which are being offset by a forecast decrease in recharges to capital.

Finance Division – breakeven forecast position

- 4.73** There is a breakeven forecast position for the Finance Division. The Payments, Revenues, Benefits and Debt Service is forecasting a staffing underspend owing to staffing vacancies and increased court costs income, but these are being offset by decreased Land Charges income and temporarily increased agency staffing in strategic finance to work through historic accounting issues including the prior years' accounts.

- 4.74** A cross Council working group is operating to mitigate Housing Benefit (HB) subsidy risks by maximising HB subsidy income claims, increasing collection of HB overpayments and reducing costs. The actuals to date are high in the Division owing to HB expenditure which will be reimbursed through DWP funding.
- 4.75** The Finance Division has undergone a restructure of the strategic finance service and has commenced recruitment into roles which are currently covered by agency staffing. The capacity and skills levels required in the strategic finance service have been reviewed and extra funding from growth has been requested for 2024-25.

Legal Services and Monitoring Officer Division – breakeven forecast position

- 4.76** There is a £0.1m forecast underspend in the Monitoring Officer service owing to staff vacancies and an underspend against the members allowances budget.
- 4.77** There is a forecast overspend in Legal Services of £0.1m owing to high levels of agency staffing.
- 4.78** The Legal Services and Monitoring Officer Division is reviewing usage of external legal advice, with a view to increasing the inhouse staffing structure (moving budget from external legal expenditure in directorates) to provide more legal services internally and therefore reduce overall legal expenditure for the Council.

Other Service Areas and Central Resources - £0.2m forecast underspend

- 4.79** There is a £0.1m forecast underspend in Insurance, Anti-Fraud and Risk owing to staffing savings and increased income from shared services. In addition, there are small underspends across Pensions and Treasury and Central Resources owing to staffing vacancies.

Risks

- 4.80** There is a risk in the Commercial Investment Division as work continues to identify the net impact of asset disposals including the full cost of property related expenditure and loss of income streams.
- 4.81** There is a risk in the Finance Division in relation to Housing Benefit subsidies including the potential impact of the roll out of universal credit on the collection of overpayments.

SUSTAINABLE COMMUNITIES, REGENERATION & ECONOMIC RECOVERY (SCRER)

Division	Net Budget (£m)	Actuals to Date (£m)	Forecast (£m)	Forecast Variance (£m)
Sustainable Communities	56.3	44.3	56.3	-
Culture and Community Safety	10.3	0.5	9.9	(0.4)
Planning & Sustainable Regeneration	7.3	-	7.7	0.4
Central SCRER	-	0.4	-	-
Total SCRER	73.9	45.2	73.9	-

4.82 At period 8, the SCRER directorate has a General Fund forecast of a breakeven position against a budget of £73.9m. The main potential risk areas relate to income in the areas of parking, parking enforcement, moving traffic offence and planning.

Sustainable Communities Division - forecast breakeven position

4.83 There is a forecast £2.3m pressure for SEND home to school transport due to increased demand and a forecast £0.7m income pressure in New Roads and Street Works Act (NRSWA) coring inspections. The pressures are being offset through a forecast underspend of £1.8m in staffing owing to periods of vacancy and £1.2m forecast underspend in waste services owing to reduced tonnage level of waste.

Culture and Community Safety Division – forecast underspend of £0.4m

4.84 The division is forecasting an underspend of £0.4m. This is owing to underspends from reduced utility costs in contracts (£0.3m), periods of staffing vacancy (£0.3m) and underspends across the libraries service while the service is under redesign (£0.2m). The underspends are partially offset by a one-off pressure in 2023-24 of £0.4m owing to an undeliverable Public Health recharge income budget which will be removed as part of MTFS budget growth in 2024-25.

4.85 The Culture and Community Safety Division leads on the London Borough of Culture 2023 activities, funded through external funding sources. This is a year-long celebration of Croydon’s unique identity, diverse communities and rich heritage, culture and creativity. The programme for “This is Croydon” showcases Croydon to the world. It includes major events with international headliners performing alongside emerging home-grown talent, plus hundreds of cultural activities from our communities.

Planning and Sustainable Regeneration Division – forecast overspend of £0.4m

4.86 The division is forecasting an income under-achievement of £0.8m owing to lower activity levels to date in planning major applications and planning performance agreements. This is being partially offset by a forecast staffing underspend of £0.4m owing to periods of vacancy in the Growth and Regeneration Team and other services.

4.87 The reduction in planning major applications is being experienced across the country and the GLA is reporting the reduction across London. It is these applications which

bring in the most significant fees. The reduction in major applications can be attributed to several factors, which include:

- Economic factors such as increased building and material costs and increased interest rates.
- Uncertainty relating to the emerging Building Safety Bill – impacts on design and when a second staircase is required.
- Uncertainty in relation to emerging planning legislation. Implementation details are unknown and could be impacted by when the next general election will take place.

4.88 Risks

- Demand for parking services has not returned to pre-pandemic levels and this is affecting all areas of parking which includes Automated Number Plate Recognition (ANPR), pay and display and on-street parking.
- Parking Services have had delays in connection with the roll out of new ANPR cameras which affect the income levels within the service.
- The Environment Act 2021 operates as the UK's new framework of environmental protection. Given that the UK has left the EU, new laws that relate to nature protection, water quality, clean air, as well as additional environmental protections that originally came from Brussels, needed to be established. The Act is a vehicle for a number of Department for Environment, Food and Rural Affairs' (Defra) different environmental policies and sets out the legal framework for significant reforms to local authority waste and recycling services, as well as creating new statutory duties for local authorities on nature recovery. The government has stated that additional burdens funding will be provided to local authorities for the new requirements as they come into force, however the Council will need to monitor closely the extra costs involved.
- Waste services are demand led which represents a potential risk to the current forecast. Levels of tonnage are monitored on a monthly basis and the forecast will be updated throughout the year.
- Within the Violence Reduction Network a further Domestic Homicide Review has been initiated which may add additional costs.

4.89 Opportunities

- The SCRER directorate is actively pursuing several grant applications to further improve the financial position:
 - The Culture and Community Safety division have successfully secured grant funding from Sport England for swimming pool costs.

- Further communications are being held with public health regarding enhancing the borough's community safety offer with direct funding.
 - Development Management has progressed for the Planning Skills Delivery Fund which will assist the service in clearing the backlog of planning applications.
- There are several major schemes that are in development that should generate large fees - however these should not be submitted prematurely as this could result in significant costs.
 - There could be further staffing underspends across the directorate depending on the timing, and success, of recruitment into posts.

CORPORATE ITEMS AND FUNDING

Area of Spend	Net Budget (£m)	Actuals to Date (£m)	Forecast (£m)	Forecast Variance (£m)
Economic Demand Pressures	0.9	-	0.9	-
Risk Contingency Budget	5.0	-	5.0	-
Transformation Programme	10.0	-	10.0	-
Other corporate items	(97.1)	(30.2)	(97.1)	-
Total Corporate Items and Funding	(81.2)	(30.2)	(81.2)	-

- 4.90** At period 8, the Corporate directorate has a General Fund forecast breakeven position against a net budget of (£81.2m). The risk contingency budget of £5m is not utilised at period 8 and remains to offset pressures that could be experienced across the Council over the remainder of the year.
- 4.91** The corporate area holds funding streams such as Council Tax, retained share of Business Rates and Core Grants. The corporate budget also holds the Council-wide risk contingency budget (£5m) and the budgets for borrowing and interest received.
- 4.92** The corporate area funds redundancy, severance and pension strain costs which contribute to achieving General Fund MTFs savings.
- 4.93** There is budget of £0.9m held centrally (of the original £5.5m agreed by full Council) for the potential impact of economic demand pressures on Croydon after the allocation of £1.7m budget in Period 3 (Housing Benefit subsidy pressures), £2.2m budget in Period 6 (emergency accommodation pressures) and £0.7m budget in Period 7 (children social worker caseload pressures).
- 4.94** The corporate area also holds the 2023-24 Transformation budget of £10m, which funds work carried out in directorates and cross-Council to achieve MTFs savings and improve services for local residents and businesses. It is expected that any underspend in 2023-24 will be carried forward in an earmarked reserve to fund projects

which are being delivered over multiple financial years. The Transformation budget reduces to £5m from 2024-25.

- 4.95** There is £1.5m budget held in Corporate for adjustments to correct General Fund recharge budgets relating to the HRA, Public Health, capitalisation of salaries and corporate support (overhead) recharges, and salary and income budget corrections. The budget agreed by full Council was £7.3m and £5.8m of this was allocated out to service directorates in Period 7. The remaining budget is likely to be needed to align corporate support (SERCOP) recharge budgets, following further work to calculate up to date recharges to non-General Fund areas.
- 4.96** There is a funding risk in the Collection Fund if cost of living pressures impact the collection of Council Tax and Business Rates income. The impact of the Council Tax increase is partially mitigated through the Council Tax Hardship Fund (supporting low income households that cannot afford to pay their full increase in Council Tax).
- 4.97** There is borrowing cost uncertainty from interest rates and the timing of capital receipts from asset disposals.

Transformation Programme

- 4.98** The Transformation Programme has £14m of resources allocated to it, consisting of £10m base revenue budget and £4m earmarked reserve.
- 4.99** In total there is currently £10.9m of the Transformation Programme budget allocated with £3.1m unallocated to date. The Transformation Programme will provide a return on investment through service improvement benefits and the identification and delivery of savings for the medium term financial strategy, providing a significant level of savings towards the £20m per annum savings required from 2025-26 onwards.

Transformation Programme Allocations

Project	2023-24 Draft Budget Allocation (£m)	Actuals to Date (£m)	Forecast Expenditure (£m)	Forecast Variance (£m)
Transformation Revenue Budget	10.000			
Transformation Reserve Funding	4.000			
Total Transformation Funding	14.000			
Approach to Strategic Planning and Commissioning	0.290	-	-	(0.290)
Parking Policy Review	0.200	-	0.200	-
Community Hubs Programme	0.250	0.001	0.250	-
HR Transformation	0.093	0.108	0.093	-
Digital & Resident Access Review/Digital Workforce	0.080	0.001	0.080	-
SEND Review	0.240	-	0.240	-
Passenger/SEND Transport Transformation	0.100	-	0.100	-
Family Justice Service Review	-	-	-	-
S117 Project	0.178	0.062	0.178	-
Joint Funding Arrangements	0.110	-	-	(0.110)
Sustaining Demand at the Front Door	0.190	0.125	0.210	0.020

Project	2023-24 Draft Budget Allocation (£m)	Actuals to Date (£m)	Forecast Expenditure (£m)	Forecast Variance (£m)
Corporate Parenting Transformation	0.743	0.179	0.513	(0.230)
Dynamic Purchasing System	0.142	-	0.142	-
Calleydown Transformation	0.134	-	-	(0.134)
Income & Debt Review	0.050	0.150	0.050	-
Outcomes Based Domiciliary Care Model	-	-	-	-
Transition Commissioning Care Model	-	-	-	-
Croydon Campus	0.250	0.066	0.250	-
Customer Access Review	0.200	0.117	0.200	-
Building Control Transformation	0.696	0.043	0.696	-
Planning & CIL Transformation	0.450	0.017	0.450	-
CALAT	0.050	0.029	0.050	-
Housing Needs Restructure	0.260	0.082	0.260	-
Temporary Accommodation Case Review	0.491	-	0.491	-
Housing Occupancy Checks	0.291	-	0.291	-
Rent Accounts and Data Cleanse	0.026	0.040	0.026	-
Housing Association Recharges	0.059	-	0.059	-
Supported Housing Review	0.080	-	0.080	-
Adult Social Care Transformation	1.100	0.424	0.806	(0.294)
Review of Social Care Placements	0.461	0.173	0.461	-
Reablement & Hospital Discharge	-	-	-	-
Strategic Operating Model Design Partner for Adult Social Care and Health	1.134	-	0.200	(0.934)
Housing Benefit Subsidy SEA & EA/TA	-	-	-	-
PFI Contract Manager	-	-	-	-
VCS Review	-	-	-	-
Asset Rationalisation	0.124	-	0.124	-
Business Intelligence Review	0.026	-	0.026	-
Commercial & Income Opportunities	-	-	-	-
Community Equipment Service	0.234	0.148	0.234	-
Croydon Museum	0.170	-	0.170	-
Oracle Improvement Programme	0.915	0.065	0.915	-
Transformation PMO	1.100	0.731	1.100	-
Total Revenue Budget and Reserves Allocated to Date	10.917	2.561	8.945	(1.972)
Unallocated To Date	3.083			

- 4.100** The Transformation Programme published in November 2022 set out £5.9m of project commitments with recognition that further sums were still to be confirmed. Please note that project plans are under development and following review of these project plans the draft budget allocations to projects as listed above could change through the year.
- 4.101** The Transformation Board has agreed additional project allocations totalling £4.482m through to November 2023. The allocations are set out in the table below.

Project Allocations	£m
Business Intelligence Review	0.026
Sustaining demand at the front door	0.080
Callydown transformation	0.134
Review of Social Care Placements	0.456
CALAT (New)	0.050
Strategic operating model design partner for ASCH	1.134
HR Transformation	0.015
Planning & Building Control projects – project delivery support	0.396
Corporate Parenting Transformation (New and subsumes Fostering Transformation Project)	0.650
Community Equipment Service	0.234
Museum Transformation	0.170
Oracle Cloud Improvement (New)	0.915
Asset Rationalisation	0.124
Reablement & Hospital Discharge - transfer to Strategic operating model design partner for ASCH	-0.060
Family Justice Service Review	-0.100
Dynamic Purchasing System	0.050
Housing Needs Restructure	0.200
Temporary Accommodation Case Review	0.200
Outcomes Based Domiciliary Care Model	-0.082
Transition Commissioning Care Model	-0.110
Total of Allocations	4.482

4.102 The ‘Review of Social Care Placements’ project has secured £600,000 alternative funding from the Market Sustainability Grant thereby reducing the funding required from the Transformation budget. The revenue budget also funds the costs of the transformation Programme Management Office currently estimated at £1.1m.

Savings

4.103 The 2023-24 budgets include a challenging new savings target of £33.1m. Progress in achieving savings is being monitored throughout the year. Directorates are identifying any risks to achievement of individual savings and making plans to mitigate these risks where possible or identify alternative savings as required.

Table showing 2023-24 forecast savings achievement by directorate

Directorate	2023-24					
	Savings target £'000	Slippage from previous year £'000	Revised Savings target £'000	Forecast savings achievable £'000	Savings slippage £'000	Not yet evidenced or (over delivery) £'000
Adult Social Care & Health	12,243	-	12,243	13,190	-	(947)
Assistant Chief Executive	2,924	-	2,924	1,521	1,403	-
Children, Young People & Education	6,920	490	7,410	5,148	-	2,262
Housing	2,305	-	2,305	1,309	1,099	(103)
Resources	6,347	-	6,347	6,347	-	-
Sustainable Communities (SCRER)	1,859	2,490	4,349	4,124	225	-
Cross-Directorate / Corporate	500	-	500	-	500	-
Total	33,098	2,980	36,078	31,639	3,227	1,212

Reserves

4.104 There are no budgeted contributions to, or drawdowns from, the General Fund balances of £27.5m in 2023-24. The current forecast for 2023-24 maintains this reserve.

General Fund Balances	Forecast (£m)
Balance at 1 April 2023	27.5
Forecast Contribution to/(Drawdown from) Reserves	-
Forecast Balance at 31 March 2024	27.5

4.105 The General Fund balances serve as a cushion should any overspend materialise by the end of 2023-24. The use of reserves to support the budget is not a permanent solution and reserves must be replenished back to a prudent level in subsequent years if used.

Unresolved Issues

- 4.106** The Council's overall financial position is still subject to a number of unresolved historic legacy issues. The latest position on these was set out in the 22 February 2023 Cabinet report titled 'Revenue Budget and Council Tax Levels 2023-24' which incorporated the findings of the 'Opening the Books' review undertaken in 2022-23. The report stated that a request has also been made of government to provide the Council with a Capitalisation Direction of £161.6m to cover the historic finance issues that have been revealed through the 'Opening the Books' programme.
- 4.107** The Council needs to correct a range of misstatements in its legacy accounts from 2019-20 which are currently still not fully closed. This was more than the £74.6m previously identified in the MTFs Update report to Cabinet in November 2022.
- 4.108** The Council's Provision for Bad Debt was found to be understated by £46m rather than the £20m previously assumed and a prudent decision was made to include the potential £70m gap in the accounts caused by incorrect accounting for Croydon Affordable Homes and Tenures, instead of the £9m previously assumed.
- 4.109** With four years of accounts still open, there remains a risk that further legacy issues will be uncovered. The Capital Programme for 2022-23 included the £161.6m Capitalisation Direction requested, which was in addition to the £25m capitalisation direction previously approved.

HOUSING REVENUE ACCOUNT (HRA)

- 4.110** At period 8, the Housing Revenue Account (HRA) forecast remains at a revenue overspend of £12.0m owing to resolving a backlog of historic legacy repair work, reducing voids and resolving issues experienced nationally including damp and mould and fire safety. The HRA has a reserve of circa £50m as at the end of 2022-23 and this reserve will fund the 2023-24 overspend, however the HRA budget for 2024-25 will take account of ongoing pressures and priorities.
- 4.111** At Period 5 it was set out how the legacy of repairs, disrepair works and the commissioned works on damp and mould accounts for £8.6m of the pressure against the existing budget. This pressure is a direct result of the significant under-investment over decades in the housing stock which has resulted in the backlogs the teams are now tackling. The implementation of the three new repairs contracts and the commitment to ensuring the Council is meeting its requirements as a landlord are driving this ongoing pressure. Where underspends in other areas are insufficient to cover the pressures outlined above, it will require a draw down from the HRA reserves into the revenue budgets.

- 4.112** The 2024-25 budget will require significant work to ensure that it is capturing and managing ongoing pressure areas within the repairs service. Stock conditions surveys have been commissioned to identify the level of major repairs and maintenance to be programmed into the future years' budgets and these capital improvements should reduce the level of responsive repairs over the medium term.
- 4.113** The remaining £3.4m pressure is attributed to disrepair and reflects the volume of historic legacy disrepair cases being cleared and the legal costs and settlements that have been the outcome.

Repairs

- 4.114** The Period 8 position of £12.0m overspend is made up of £8.6m responsive repairs costs pressure and £3.4m on disrepair costs, legal fees and settlements.
- 4.115** The overspend on responsive repairs is a result of the significant increase in repair requests received from tenants as a consequence of the historical under-investment in the stock including historic legacy issues identified since the implementation of the new contracts in August 2023.
- 4.116** In addition, there has been significant work done to tackle reports of damp and mould, treating the appearances of spores and carrying out works to address the issues.
- 4.117** The Social Housing (Regulation) Act 2023 will enable a rigorous new regime that holds all landlords to account for the decency of their homes and the service they provide. This includes changes from 'Awaab's Law' which follows the death of 2 year old Awaab Ishak in 2020 due to damp and mould exposure in his Rochdale home following repair requests and complaints having been repeatedly ignored. Legislation includes provisions which will require the Council to investigate hazards and fix repairs including damp and mould in their properties within strict new time limits or rehouse residents where a home cannot be made safe. The new rules will form part of the tenancy agreement, so residents can hold landlords to account if they fail to provide a 'decent' home.
- 4.118** Tackling of legacy voids has had a significant financial impact due to the state of disrepair in these properties and the subsequent lack of asset renewal. The team expects to have cleared the backlog of legacy voids within this financial year and the associated cost pressures have been forecasted to reflect that commitment. Financial controls for all voids over £6,500 are in place and there is ongoing management of the work in progress (WIP) and the average weekly voids of 12 voids per week.

- 4.119** Legal disrepair volumes continue to be a challenge operationally and financially. Work is ongoing to tackle the circa 550 disrepair cases in our backlog. The service has proposed a plan to clear this backlog within 18 months and the details are set out in the separate Repairs Contract Update paper presented to Cabinet today. This financial year works for circa 292 claims to completion have been progressed, however, there are now on average 44 new claims being received per month, which is an increase from the previously reported 30 per month.
- 4.120** The service has introduced controls to manage, monitor and provide assurance on ongoing responsive repairs costs:
- The NEC system allows management of the budget per individual line of activity with a budget set on NEC that cannot be exceeded and no payments can be made without any increase to the budget prior to any new orders being raised. Manager approval is required to increase a budget.
 - A Review Panel has been established since September. Any quotes for works over a value of £5,000 must be presented to the panel and approval sought prior to the works order being raised.
 - A review and approval from the Housing Directorate Management Team (DMT) will be sought for works on an individual property in excess of £40,000 to allow consideration of value for money and to ensure that there is a link being made to regeneration projects and any other cross-Council projects.

Tenancy and Income

- 4.121** A breakeven forecast position at period 8 as work continues with the NEC implementation team to validate rental income and voids.

Staffing and other

- 4.122** A breakeven forecast position at period 8 reflects that additional budget was allocated in 2023-24 to meet known pressures while structural changes are being implemented.

Table showing the 2023-24 HRA forecast

Description	Net Budget (£m)	Actuals to Date (£m)	Forecast (£m)	Forecast Variance (£m)
Rental Income	(82.1)	(58.2)	(82.1)	-
Service Charge Income	(4.6)	(3.1)	(4.6)	-
Concorde, Sycamore & Windsor (rental income for Temporary Accommodation provision)	(3.4)	(1.7)	(3.4)	-
Other Income	(6.0)	(2.1)	(6.0)	-
Subtotal Income	(96.1)	(65.1)	(96.1)	-
Housing Capital Charges	40.9	-	40.9	-
Responsive Repairs & Safety	20.4	26.6	32.4	12.0
Centralised Directorate expenditure	11.3	1.1	11.3	-
Tenancy & Resident Engagement	10.3	3.8	10.3	-
Tenant Support Services	6.7	3.5	6.7	-
Concorde, Sycamore & Windsor expenditure	3.4	2.1	3.4	-
Asset Planning	1.6	1.1	1.6	-
Capital Delivery (Homes & Schools)	1.5	0.9	1.5	-
Subtotal Expenditure	96.1	39.1	108.1	12.0
Total HRA Net Expenditure	-	(26)*	12.0	12.0

* Note that no actuals for Housing Capital Charges have been posted as these journals are carried out at year end points.

4.123 The main risks within the Housing Revenue Account are:

- NEC system functionality delays:
 - Although the system went live in June 2023, the system is yet to be used to its full capacity including full reporting functionality. The repairs and income forecasting may yet be impacted once the full integration and functionality is available.
- Repairs and maintenance:
 - pressures from the exit of the Axis repairs contract that ended in August 2023.
 - extra expenditure to deal with the backlog of repairs and maintenance.
 - void and disrepair costs carried out by specialist contractors to reduce void losses and minimise future disrepair claims.
 - settlement of disrepair cases and related legal fees, including those relating to Regina Road.
- Tenancy and income:
 - the impact of cost of living pressures on rent collection (including a potential increase in bad debt cost).
 - loss of income owing to void (empty) residential properties.
 - loss of income owing to voids including void garages.

- Recharge review:
 - General Fund services are producing service level agreements (SLA's) to evidence recharges of costs to the HRA, which could result in increased charges to the HRA.

Capital Programme and Financial Sustainability

- 4.124** The Capital strategy and programme was approved by Council in March 2023. This recognised the complex and challenging financial and operational circumstances in which the Council continues to operate. It showed a 2023-24 Capital Programme that is reduced in scale and cost compared to previous years. With circa £1.3bn of General Fund debt and an environment of rising interest rates, the delivery of an effective Asset Management Plan and an ambitious Asset Disposal Strategy, including reducing the number of buildings used by the Council, will be essential to mitigate rising cost pressures, reduce the overall debt burden and help the Council balance its books.
- 4.125** The strategy reflected the progress made to date by the Council to improve the governance and financial management of the Capital Programme following recommendations from the two Reports in the Public Interest (RIPI). The Council understands that the initial improvements put in place are the foundations of good practice and is focused on building upon these over the coming months and years.
- 4.126** Concerns were highlighted regarding value for money and investment decisions as the Council has incurred debt in investing in assets which have not retained their value and, therefore, the level of debt exceeds the value of the investment assets. In the three years between 2017-20 the Council borrowed £545m with no focused debt management plan in place. The majority of this debt comprises short-term borrowings which has left the Council exposed to current higher interest rates. The debt is anticipated to be refinanced from 2023 onwards and therefore likely to drive significant increases in annual repayment levels.
- 4.127** An estimated circa £66m is required to service this debt from the General Fund which represents around 19% of the Council's net budget. The Council's historic legacy borrowing and debt burden has, therefore, become critical to the sustainability of the Council's revenue budget.
- 4.128** The Council has concluded that the expenditure it is anticipated to incur in each year of the period of 2023-27 is likely to exceed the financial resources available and that reaching financial and operational sustainability without further government assistance will not be possible. The Council's 2023-24 budget required capitalisation directions from government of £63m to balance and the Medium Term Financial Strategy (MTFS) demonstrated an ongoing estimated budget gap of £38m per annum from 2024-25.

- 4.129** Dialogue with the Department for Levelling Up, Housing and Communities (DLUHC) continues, and the Council is seeking further financial support from Government in regard to its level of historic legacy structural indebtedness to ensure it can deliver sustainable local government services. It must be noted that annual capitalisation directions (transferring revenue cost into capital cost which must be funded over 20 years) increases the Council's debt burden. Also capital receipts from the Asset Disposal Strategy are being used to fund the ongoing capitalisation directions and therefore the Council is not able to reduce its existing historic debt (a situation of "treading water").
- 4.130** Therefore, debt write-off treatment is the Council's preferred option and a request was made to DLUHC in January 2023 for government funding to write-off £540m of the Council's General Fund debt. DLUHC has subsequently asked the Council to propose a wider range of options, and these are currently being worked on.

General Fund Capital Programme

- 4.131** At period 8, the General Fund capital programme has a forecast underspend of £20.7m (16.3%) against the revised budget of £127.1m. The 2023-24 General Fund capital budget has been updated to reflect the changes agreed through the Capital Programme and Capital Strategy 2023-29 report at the Cabinet meeting on 6 December 2023. This has included re-profiling of budgets to future years and is the main reason for the decrease from the General Fund capital budget of £144.7m at Period 7.

Table showing 2023-24 General Fund Capital Programme budget and forecast

General Fund Capital Scheme	2023-24 Revised Budget	2023-24 Actuals to Date	2023-24 Forecast	2023-24 Forecast Variance
	(£000's)	(£000's)	(£000's)	(£000's)
Bereavement Services	127	6	127	-
My Resources Interface Enhancement	169	58	169	-
ICT	-	4	-	-
Network Refresh	152	11	152	-
Tech Refresh	292	657	285	(7)
Geographical Information Systems	312	-	312	-
Laptop Refresh	212	-	1,030	818
Cloud and DR	167	26	174	7
People ICT	-	3	-	-
Synergy Education System	858	16	746	(112)
NEC Housing System	2,725	15	2,280	(445)
Uniform ICT Upgrade	56	-	56	-
Subtotal Assistant Chief Executive	5,070	796	5,331	261
Children Home DFE	329	-	329	-

General Fund Capital Scheme	2023-24 Revised Budget	2023-24 Actuals to Date	2023-24 Forecast	2023-24 Forecast Variance
	(£000's)	(£000's)	(£000's)	(£000's)
Subtotal CYPE	329	-	329	-
Disabled Facilities Grant	3000	1,280	3,000	-
Empty Homes Grants	400	39	200	(200)
Subtotal Housing	3,400	1,319	3,200	(200)
Asset Strategy - Stubbs Mead	500	-	100	(400)
Asset Strategy Programme	240	-	40	(200)
Clocktower Chillers	15	-	10	(5)
Corporate Property Maintenance Programme	2,780	1,256	2,666	(114)
Fairfield Halls - Council	625	3	100	(525)
Former New Addington Leisure Centre	600	-	300	(300)
Fieldway Cluster (Timebridge Community Centre)	248	-	148	(100)
Contingency	1,000	-	1,000	-
Education - Fire Safety	450	4	450	-
Education - Fixed Term Expansions	225	180	225	-
Education - Major Maintenance	3,321	3,627	3,865	544
Education - Miscellaneous	100	142	100	-
Education - Permanent Expansion	297	1	297	-
Education - SEN	1,600	606	1,309	(291)
Subtotal Resources	12,001	5,819	10,610	(1,391)
Growth Zone	15,341	316	3,000	(12,341)
Grounds Maintenance Insourced Equipment	1,200	602	1,200	-
Highways	8,260	4,399	8,260	-
Highways - flood water management	404	388	404	-
Highways - bridges and highways structures	1,641	1,292	1,641	-
Highways - Tree works	50	6	50	-
Local Authority Tree Fund	83	136	83	-
Trees Sponsorship	42	10	42	-
Tennis Court Upgrade	75	-	75	-
Leisure centres equipment Contractual Agreement	-	(410)	-	-
Leisure Equipment Upgrade	148	-	148	-
Libraries Investment - General	224	1	224	-
Parking	1,843	884	1,843	-
Cashless Pay & Display	1,463	-	485	(978)
Play Equipment	300	242	242	(58)
Safety - digital upgrade of CCTV	1,540	(11)	1,540	-
Highway Road Markings/Signs (Refresh)	137	33	137	-
South Norwood Good Growth	773	11	168	(605)
Kenley Good Growth	304	(147)	306	2
Sustainability Programme	300	-	300	-
LIP	7,427	691	1,922	(5,505)

General Fund Capital Scheme	2023-24 Revised Budget	2023-24 Actuals to Date	2023-24 Forecast	2023-24 Forecast Variance
	(£000's)	(£000's)	(£000's)	(£000's)
Cycle Parking	106	-	135	29
Electric Vehicle Charging Point (EVCP)	3	-	43	40
Park Asset Management	700	-	700	-
Waste and Recycling Investment	602	-	602	-
Ashburton Park Heritage Fund	305	-	305	-
Subtotal SCRER	43,271	8443	23,855	(19,416)
Capitalisation Direction	63,000	-	63,000	-
Subtotal Corporate Items and Funding	63,000	-	63,000	-
TOTAL GENERAL FUND CAPITAL	127,071	16,377	106,325	(20,746)

Table showing General Fund Capital Programme Financing

General Fund Capital Financing	2023-24 Revised Budget	2023-24 Forecast	2023-24 Forecast Variance
	(£000's)	(£000's)	(£000's)
Community Infrastructure Levy (CIL)	7,473	7,182	(291)
CIL Local Meaningful Proportion (LMP)	552	552	-
Section 106	982	371	(611)
Grants & Other Contributions	17,882	13,361	(4,521)
Growth Zone	15,341	3000	(12,341)
HRA Contributions	1,772	1,459	(313)
Capital Receipts	83,070	80,400	(2,670)
Borrowing	-	-	-
Total General Fund Financing	127,071	106,325	(20,746)

4.132 The extra forecast cost of cycle parking and electric vehicle charging points are expected to be funded through the application of Section 106 funding.

HRA Capital Programme

4.133 At period 8, the HRA capital programme has a forecast overspend of £1.8m (4.8%) against the revised budget of £37.2m. The 2023-24 HRA capital budget has been updated to reflect the changes agreed through the Capital Programme and Capital Strategy 2023-29 report at the Cabinet meeting on 6 December 2023. The HRA has a reserve of circa £50m as at the end of 2022-23 and this reserve will be the source of financing the 2023-24 capital overspend.

The HRA budget for 2024-25 and the HRA business plan will need to take account of ongoing pressures and priorities. Stock conditions surveys have been commissioned to identify the level of historic legacy major repairs and maintenance to be programmed into the future years' budgets and these capital improvements should reduce the level of responsive repairs over the medium to long term.

There are pressures relating to damp and mould related repairs and historic legacy legal disrepair and void cases where significant updating to properties is occurring.

Table showing 2023-24 HRA Capital Programme budget and forecast

HRA Capital Scheme	2023-24 Revised Budget	2023-24 Actuals to Date	2023-24 Forecast	2023-24 Forecast Variance
	(£000's)	(£000's)	(£000's)	(£000's)
Major Repairs and Improvements Programme	35,390	7,164	37,180	1,790
NEC Housing System	1,772	-	1,772	-
Total HRA Capital	37,162	7,164	38,952	1,790

Table showing 2023-24 HRA Capital Programme Financing

HRA Capital Financing	2023-24 Revised Budget	2023-24 Forecast	2023-24 Forecast Variance
	(£000's)	(£000's)	(£000's)
Major Repairs Reserve (MRR)	15,457	15,457	-
Revenue	13,900	13,900	-
Other Reserves	5,687	7,477	1,790
Right To Buy (RTB) Receipts	2,118	2,118	-
Total HRA Capital Financing	37,162	38,952	1,790

5 ALTERNATIVE OPTIONS CONSIDERED

5.1 None.

6 CONSULTATION

6.1 None.

7. CONTRIBUTION TO COUNCIL PRIORITIES

7.1 The monthly financial performance report supports the Mayor's Business Plan 2022-2026 objective one "The council balances its books, listens to residents and delivers good sustainable services".

8. IMPLICATIONS

8.1 FINANCIAL IMPLICATIONS

- 8.1.1** Finance comments have been provided throughout this report.
- 8.1.2** The Council continues to operate with internal spending controls to ensure that tight financial control and assurance oversight are maintained. A new financial management culture is being implemented across the organisation through increased communication on financial issues and training for budget managers.
- 8.1.3** The Council currently has a General Fund Reserve of £27.5m which serves as a cushion should any overspend materialise by the end of 2023-24. The use of reserves to support the budget is not a permanent solution and reserves must be replenished back to a prudent level in subsequent years if used.
- 8.1.4** The Council's historic legacy borrowing and debt burden continues to be critical to the non-sustainability of the Council's revenue budget. Dialogue with the Department for Levelling Up, Housing and Communities (DLUHC) continues, and the Council is seeking further financial support from Government in regard to its level of structural indebtedness to ensure it can deliver sustainable local government services.

Comments approved by Allister Bannin, Director of Finance (Deputy s151 Officer).

8.2 LEGAL IMPLICATIONS

- 8.2.1** The Council is under a statutory duty to ensure that it maintains a balanced budget and to take any remedial action as required in year.
- 8.2.2** Section 28 of the Local Government Act 2003 provides that the Council is under a statutory duty to periodically conduct a budget monitoring exercise of its expenditure and income against the budget calculations during the financial year. If the monitoring establishes that the budgetary situation has deteriorated, the Council must take such remedial action as it considers necessary to deal with any projected overspends. This could include action to reduce spending, income generation or other measures to bring budget pressures under control for the rest of the year. The Council must act reasonably and in accordance with its statutory duties and responsibilities when taking the necessary action to reduce the overspend.
- 8.2.3** In addition, the Council is required by section 151 of the Local Government Act 1972 to make arrangements for the proper administration of its financial affairs. The Council's Chief Finance Officer has established financial procedures to ensure the Council's proper financial administration. These include procedures for budgetary control. It is consistent with these arrangements for Cabinet to receive information about the revenue and capital budgets as set out in this report.

- 8.2.4** The monitoring of financial information is also a significant contributor to meeting the Council’s Best Value legal duty. The Council as a best value authority “must make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness” (Section 3 Local Government Act (LGA) 1999). The Best Value Duty applies to all functions of the Council including delivering and setting a balanced budget, providing statutory services such as adult social care and children’s services and securing value for money in all spending decisions.
- 8.2.5** The Council is the subject of Directions from the Secretary of State requiring the Council to, amongst others, improve on the management of its finances. This report serves to ensure the Council is effectively monitoring and managing its budgetary allocations in accordance with its Best Value Duty.

Comments approved by Sandra Herbert, Head of Litigation and Corporate Law on behalf of the Director of Legal Services and Monitoring Officer, 15/01/2024.

8.3 HUMAN RESOURCES IMPLICATIONS

- 8.3.1** There are no immediate workforce implications arising from the content of this report, albeit there is potential for a number of the proposals to have an impact on staffing. Any mitigation of budget implications that may have direct effect on staffing will be managed in accordance with relevant human resources policies and, where necessary, consultation with the recognised trade unions.
- 8.3.2** The Council is aware that many staff may also be impacted by the increase in cost of living. Many staff are also Croydon residents and may seek support from the Council including via the cost of living hub on the intranet. The Council offers support through the Employee Assistance Programme (EAP) and staff may seek help via and be signposted to the EAP, the Guardians’ programme, and other appropriate sources of assistance and advice on the Council’s intranet, including the trade unions.

Comments approved by Dean Shoesmith, Chief People Officer, 5/1/2024.

8.4 EQUALITIES IMPLICATIONS

- 8.4.1** The Council has a statutory duty to comply with the public sector equality duty set out in section 149 of the Equality Act 2010. The Council must therefore have due regard to the need to:
- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act.
 - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.

- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 8.4.2** In setting the Council's budget for 2023-2024, all savings proposals must complete an Equality Impact Assessment. As Officers deliver against the approved budget, including the savings within it, they will continue to monitor for any unanticipated equality impacts. If any impacts arise, officers will offer mitigation to minimise any unintended impact.
- 8.4.3** This report sets out a number of proposals that will change the services and provisions we provide for residents across Croydon. These proposals are subject to further work decisions.
- 8.4.4** The Council must, therefore, ensure that we have considered any equality implications. The Council has an established Equality Impact Assessment [EqIA] process, with clear guidance, templates and training for managers to use whenever new policies or services changes are being considered. This approach ensures that proposals are checked in relation to the impact on people with protected characteristics under Equality Act 2010.
- 8.4.5** Assessing the impact of proposed changes to policies, procedures, services and organisational change is not just something the law requires; it is a positive opportunity for the council to ensure it makes better decisions, based on robust evidence.
- 8.4.6** Our approach is to ensure the equality impact assessments are data led, using user information, demographic data and forecasts, as well as service specific data and national evidence to fully understand the impact of each savings proposal. This enables the Council to have proper regard to its statutory equality duties.
- 8.4.7** We have a large number of vulnerable children and asylum seekers who are in need of our services. We have also been faced with the rise of costs of the provision of adult social care, which has been exasperated following the pandemic. Alongside this our residents are dealing with the increased cost of living. We have supported residents by providing mitigation for changes where possible and signposting to other support organisations in the borough who can provide support. We will continue to seek mitigation during the equality analysis process where possible.
- 8.4.8** Our initial data suggests that residents across all equality characterises may be affected by changes. National and local data highlights that this may have a greater impact on race, disabilities, sex, pregnancy and maternity and age. We will continue to assess the impact and strive to improve our evidence and data collection, to enable us to make informed decisions.

8.4.9 Where consultations take place, we will ensure that we make it accessible for all characteristics including those with disabilities including neurodiversity by ensuring that we adopt Disability standards in our consultation platform. Notwithstanding those residents who are digitally excluded. We will also consult using plain English to support our residents who do not have English as a first language.

8.4.10 With regard to potential staff redundancies, as a diverse borough we will undertake equality analysis and seek mitigation for staff by offering redeployment and employability support. We will also assess the impact of job losses on protected characteristics. We will also ensure that disabled staff are treated more favourably during restructure in that they will be required to meet the minimum standard prior to being offered an interview.

8.4.11 Research from existing EQIAs identifies that rising costs impact on some Disabled groups, communities from the Global Majority, African, Asian, African Caribbean households, young people, some people aged 15 – 64 and some people in the pregnancy/maternity characteristic. Research also indicates that there is an intersectional impact on young people from the Global Majority and both Disabled and Dual Heritage communities. Deprivation in borough is largely focused in the north and the east where the Global Majority of residents from the African, African Caribbean and Asian communities reside.

Comments approved by Naseer Ahmed for Equalities Programme Manager, 16/01/2024.

9. APPENDICES

9.1 None.

10. BACKGROUND DOCUMENTS

10.1 None.

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Agenda Item 6

LONDON BOROUGH OF CROYDON

REPORT:	Cabinet
DATE OF DECISION	14 February 2024
REPORT TITLE:	Revenue Budget and Council Tax Levels 2024-25
CORPORATE DIRECTOR / DIRECTOR:	Katherine Kerswell, Chief Executive Jane West, Corporate Director of Resources (Section 151 Officer)
LEAD OFFICER:	Jane West, Corporate Director of Resources (Section 151 Officer)
LEAD MEMBER:	Councillor Jason Cummings, Cabinet Member for Finance
KEY DECISION?	<p>Yes REASON:</p> <p style="text-align: center;">Key Decision – Decision incurs expenditure, or makes savings, of more than £1,000,000 or such smaller sum which the decision-taker considers is significant having regard to the Council’s budget for the service or function to which the decision relates</p> <p style="text-align: right;">and</p> <p style="text-align: center;">Key Decision – Decision significantly impacts on communities living or working in an area comprising two or more Wards</p>
CONTAINS EXEMPT INFORMATION?	<p>No Public</p> <p style="text-align: right;">Grounds for the exemption: N/A</p>
WARDS AFFECTED:	All

1 SUMMARY OF REPORT:

- 1.1 In Autumn 2020 Croydon Council was issued with a Report in the Public Interest (RIPI) identifying wide-ranging and significant failures in leadership, governance and financial management. The report brought to light significant financial concerns, including serious weaknesses in Croydon’s strategy for commercial investment and residential development.
- 1.2 In November 2020, the Council issued its first S114 notice, flagging that it was in a position whereby it could not continue to operate without exceptional financial support from government. In December 2020, the Council requested exceptional financial support of over £150m over four years from 2020-21. The government provided an in-year Capitalisation Direction of £70m for 2020-21 designed to address outstanding deficits and

commitments, with further Capitalisation Directions of £50m for 2021-22, £25m for 2022-23 and £5m for 2023-24.

- 1.3 Further budget issues emerged during the 'Opening the Books' exercise launched by the Executive Mayor in June 2022. This ultimately led to budget corrections of £49m for 2023-24 and prior year adjustments of £161.6m. The financial magnitude of such changes required the Council's Section 151 Officer to issue Croydon's third Section 114 report on 22 November 2022. This made it clear to all Councillors that Croydon faced a financial situation of an extremely serious nature with significant estimated unfunded financial deficits forecast from 2023-24 onwards.
- 1.4 A package of measures was subsequently agreed with central government that enabled the Council to set a balanced budget for 2023-24. These included:
 - An increase in the 2023-24 referendum cap for council tax increases from 4.99% to 14.99% for Croydon. This resulted in the Council generating additional income of £21m in 2023-24. It also meant that Croydon had the largest council tax increase in the country. The Executive Mayor made clear that this was a one-off decision to increase above the national cap and he would not support doing so again should government propose a higher referendum cap for Croydon.
 - Central government making available exceptional financial support, in the form of permission for additional borrowing to fund revenue (a Capitalisation Direction) of £63m in 2023-24 (£58m in addition to the £5m previously agreed for 2023-24).
 - A further Capitalisation Direction of £161.6m to cover the prior year legacy finance issues that were revealed through the Opening the Books programme.
- 1.5 These measures, along with the Council agreeing to make 2023-24 savings of £36m, enabled Croydon to set a balanced budget for 2023-24. The Council is therefore not currently subject to the S114(3) report issued on 22 November 2022.
- 1.6 This Report sets out a balanced 2024-25 budget and council tax charge for Croydon in accordance with the Local Government Finance Act 1992. A net budget requirement of £361.3m is proposed for 2024-25 with a 2.99% (£53.98 per year Band D) council tax increase (for the Council element excluding the GLA precept) and 2% (£36.11 per year Band D) increase regarding the adult social care precept.
- 1.7 A forward financial forecast was last presented to Cabinet on 25th October 2023. A gross budget deficit of £75m, before allowance for savings and any exceptional government financial support, was modelled for 2024-25, increasing to an annual deficit of £137m by 2027-28.
- 1.8 The October Cabinet Report set out proposed 2024-25 savings of £30.9m that could contribute towards closing the forecast deficit. It was also noted that dialogue was ongoing with the Department for Levelling-Up, Housing and Communities (DLUHC) regarding the need for a further package of exceptional government financial support. This was modelled at £38m per annum for 2024-25 and future years and reduced the forecast 2024-25 budget deficit to £6m. A period of public engagement, incorporating the

statutory consultation with businesses, was approved on the proposals set out in the Report including those for savings and growth.

- 1.9 The budget assumptions that underpin the 2024-28 financial forecast have now been refreshed and take account of the Final Local Government Finance Settlement (LGFS) announced on 5th February 2024. The savings and growth proposals have been reviewed and due regard has been had to the response to the public engagement.
- 1.10 Croydon’s finances, like those of the wider local government sector, continue to be under strain from inflationary pressures and increasing demand for essential social care, housing and welfare services. An allowance of £18.1m is made within the 2024-25 budget for inflationary pressures and £11.5m to meet demand and legacy budget pressures. Overall new inflation and growth pressures of £109m are modelled by 2027-28.
- 1.11 The Council’s historic legacy of service failings, poor financial management, weak decision making and poor governance of major investments has resulted in a debt burden that is not sustainable without government support. The most recent financial sustainability indicators¹, provided by the Office for Local Government (OFLOG), demonstrate that Croydon’s debt level, and debt servicing cost, is far higher than the median figure for both England and the Council’s nearest statistical neighbours (the 15 London boroughs that CIPFA consider are most like Croydon).

Table 1 – OFLOG Financial Sustainability Data – 2021-22 Outturn

	Croydon	Nearest neighbour median	England median
Debt servicing costs as a percentage of core spending power	16.0%	9.0%	8.0%
Total debt as a percentage of core spending power	478.6%	275.6%	226.7%

- 1.12 For 2024-25 debt servicing costs for Croydon, after allowance for the Council’s asset disposal programme, are estimated at 15% of core spending power.
- 1.13 The current expectation is that a further Capitalisation Direction of £38m will be approved by government for 2024-25 (and for subsequent years to 2027-28) with an additional legacy capitalisation direction of £9.4m for 2019-20. The Council is concerned that the continued use of Capitalisation Directions does not provide a financially sustainable solution to the Council’s future budget. Dialogue will continue with the government on identifying alternative forms of financial support such as a £540m debt write off or equivalent support that would deliver estimated annual revenue budget savings of £38m. This would enable

¹ The OFLOG data measures debt servicing costs and debt levels as a percentage of core spending power. Core spending power is a government calculated indicator that is published annually within the local government finance settlement. It indicates the core revenue funding available to a local authority, including council tax, locally retained business rates, adult social care grants and revenue support grant.

the Council to set balanced budgets that do not rely on future exceptional government financial support and do not put additional pressure on Croydon's taxpayers.

- 1.14 In January 2021 the Secretary of State for DLUHC (formerly MHCLG) appointed an Improvement and Assurance Panel (IAP) to advise, support and challenge the Council on a non-statutory basis to help deliver the Croydon Renewal Plan and address the well documented governance and financial failures across the Council. Despite the progress made in delivering the Croydon Renewal Plan, the Secretary of State concluded in July 2023 that, the reliance on Capitalisation Directions resulting from high historic debt levels meant the Council was not meeting its best value duty. The IAP was moved onto a statutory footing with a power to direct the council if they felt it was acting in a way not designed to meet its duty of best value. This power of direction has not been used and is a power of last resort. The Council has not had any powers or functions removed from it. Unlike other councils under intervention, the Secretary of State has not deemed it necessary to appoint Commissioners to Croydon Council.
- 1.15 The IAP have led the development of the Croydon Exit Strategy and have chosen to work with the Council in its production, reflecting the very close working relationship that exists. The Exit Strategy was reported to the 25 October 2023 Cabinet meeting. A crucial part of this Exit Strategy is the resolution of the Council's independent financial sustainability. Without this, the Council cannot demonstrate that it is meeting its duty of best value.
- 1.16 This Report sets out the Council's proposals for a balanced 2024-25 revenue budget which include:
- A council tax increase of 2.99% and a 2% increase in the adult social care precept levy. These do not exceed the national referendum cap limit.
 - Proposed savings, demand pressures, and inflation.
 - Legacy financial issues and budget corrections
 - Debt, borrowing costs and financial sustainability.
 - Budget risks, reserves and balances.
 - An update on discussions with government and the duty of best value
 - A statement of assurance (as required by Section 25 of the Local Government Act 2003) from the Corporate Director of Resources and Section 151 Officer that the proposed budget is robust and that the Council is holding sufficient reserves against its risks.
- 1.17 Finally, the report proposes that the Council be recommended to introduce new additional council tax charges in relation to empty properties and second homes as detailed more fully in the report to Cabinet of 22 November 2023. The Levelling-up and Regeneration Act 2023 has enabled local authorities to change the timeframe for applying empty property council tax premiums and to introduce council tax premiums on second homes. The changes are designed to bring more empty homes into productive use and to generate greater income earlier on those properties where the owner wishes them to remain empty. The changes will enable councils to raise and retain additional revenue to support local services and keep Council Tax down for residents. A report was considered by Cabinet on 22 November 2023 (Appendix H) on these changes and it is now recommended that approval is sought from Full Council to enable the necessary determinations to be made and put in place prior to the commencement of the financial year to which this budget report relates.

2. RECOMMENDATIONS

The Executive Mayor in Cabinet is recommended to:

- 2.1 Consider the responses to the budget engagement with residents and statutory consultation with businesses (set out in Section 10 of this report and detailed more fully in Appendix J).
- 2.2 Consider and have due regard to the equalities impact assessment undertaken on the budget proposals as set out in Appendix N.
- 2.3 Approve the responses to the Scrutiny and Overview Committee recommendations (to follow after publication of this report – Appendix O) on the budget proposals as set out in Section 20.
- 2.4 Approve that (subject to Full Council approving the budget and any further decisions required of the Executive) that Corporate Directors be authorised to implement their respective growth and savings proposals for 2024-25 in accordance with the recommendations within this report, the Council's Constitution, Financial Regulations, relevant Schemes of Delegation and undertake any further consultation required, including regarding the Equalities Impacts of specific decisions within the Budget envelope as approved by Full Council.
- 2.5 Propose to Full Council for approval an increase in the Croydon element of the 2024-25 council tax charge by 2.99% (Band D £53.98).
- 2.6 Propose to Full Council for approval a 2% increase (Band D £36.11) in the 2024-25 Adult Social Care precept levy.
- 2.7 Note, based on the Mayor of London's draft consolidated budget, a proposed 8.58% (Band D £37.26) increase regarding the Greater London Authority precept.
- 2.8 Propose to Full Council for approval, the calculation of budget requirement and council tax as set out in Appendix I and note that the inclusion of the GLA precept will result in a total increase of 5.69% (Band D £127.35) in the overall Croydon council tax bill.
- 2.9 Propose to Full Council for approval the setting of the Council's own total net expenditure budget for 2024-25 at £361.267m.
- 2.10 Propose to Full Council for approval the detailed programme of revenue savings, income, demand pressures and legacy budget corrections, by directorate, as set out in Appendix C.
- 2.11 Propose to Full Council the proposed £5m budget in 2024-25 to support delivery of the transformation programme.
- 2.12 Propose to Full Council the Reserves Policy set out in Appendix M.
- 2.13 Propose to Full Council for approval that the Corporate Director of Resources be authorised to collect and recover National Non-Domestic Rate and council tax in accordance with the Local Government Finance Act 1988 (as amended) and the Local Government Finance Act 1992.
- 2.14 Note the revenue budget assumptions detailed in the report and budget projections to 2027-28 made by the Corporate Director of Resources in agreement with the Chief Executive and with the Corporate Management Team.

- 2.15 Note the Council's request for a Capitalisation Direction from the Department of Levelling Up, Housing and Communities [DLUHC] of up to £38m for 2024-25, £9.439m relating to 2019-20 and current assumption that up to a further £38m per annum in exceptional financial support will be required for future years.
- 2.16 Note that all Directors will be required to report on their projected financial position compared to their revenue estimates in accordance with the 2024-25 monthly financial performance reporting timetable.
- 2.17 Note the statement (Appendix K of the Report) of the Corporate Director of Resources and S151 Officer, under Section 25 of the Local Government Act 2003, regarding the adequacy of reserves and robustness of estimates.
- 2.18 Note that the provisional Dedicated Schools Grant allocation for 2024-25 will increase by £28.583m to £466.825m (section 12 of the Report).
- 2.19 Propose to Full Council that the necessary determinations are made as billing authority under Section 11B of the Local Government Finance Act 1992 for financial year 2024-2025 to the effect that where permitted, for dwellings that have been unoccupied and substantially unfurnished for a period of at least one year the amount of Council Tax will be increased by 100% where the period is less than 5 years, by 200% where the period is at least 5 years but less than 10 years, and by 300% where the period is at least 10 years, and that the discount under Section 11(2)(a) shall not apply.
- 2.20 Propose to Full Council that the necessary determinations are made under Section 11C of the Local government Finance Act 1992 as billing authority for financial year 2025-2026 to the effect that where permitted, for dwellings where there is no resident of the dwelling and the dwelling is substantially furnished, the amount of Council Tax will be increased by 100%, and the discount under Section 11(2)(a) shall not apply.
- 2.21 Propose to Full Council that the Council Tax Support scheme (statutory local council tax reduction scheme) under Section 13A(2) of the Local Government Finance Act 1992 is not changed from that agreed by Full Council resolution on 1st March 2023.

3. BACKGROUND

- 3.1 Local government finances are under strain from inflation, the impact of cost-of-living pressures on local communities and an increase in demand for essential social care, housing and welfare services. The financial challenge for Croydon is compounded by significant, and independently well documented, local legacy (governance, financial, service delivery and structural) issues.

National Background

- 3.2 The Chancellor of the Exchequer gave an update on the state of the public

finances and the performance of the economy in the Autumn Statement² 2023. The economic and fiscal outlook set out in the Statement included:

- The economy has proved to be more resilient to the shocks of the pandemic and energy crisis than anticipated. Compared to the March 2023 National Budget there is a forecast £27 billion fiscal windfall. The Autumn Statement set out that virtually all of this will fund a 2p cut in employee National Insurance Contributions, permanent tax relief for business investment, and further welfare reforms. Previously announced public spending plans were largely unchanged.
- Inflation has been more persistent and domestically fuelled than anticipated. Consumer Price Index (CPI) inflation is now forecast to reduce from a 11% peak in October 2022 to 3% in 2024-25 before returning to the Government's 2% target in the first half of 2025.
- The 2023-24 funding allocation for local government is less generous than planned. It assumed underlying inflation (GDP deflator) of 2.5% as compared to the latest estimate of 6.1%. There has been no grant top-up to reflect this shortfall with local government absorbing the extra cost.
- 2023-24 interest rates have reached levels not seen since the 2008 financial crisis.
- Unemployment is estimated to rise to 1.6 million people (4.6 per cent of the labour force) in the second quarter of 2025.
- Beyond 2024-25 day-to-day public spending is set to increase by 0.9% in real terms on average each year from 2025-26 to 2028-29. This includes existing commitments on health, schools and childcare and implies, according to the Institute for Fiscal Studies³, a real terms funding cut of 3.4% per annum for 'unprotected' departments, such as local government.

3.3 The continuation of inflationary pressures, and the rise in the cost of living, has contributed towards an increase in demand for Croydon services, such as homelessness prevention, and higher pay and supplier costs. These impacts are embedded within the 2024-25 Croydon budget proposals with £18.1m set aside as an inflation provision and a provision of £11.5m for additional demand and legacy budget pressures.

3.4 The Autumn Statement 2023, other than a welcome unfreezing of Local Housing Allowances to covering 30% of local housing rents and an additional £120m for homelessness prevention, broadly stuck to previously announced public spending plans. The Local Government Association expressed disappointment that the growing evidence of the financial strain facing councils has not been more fully recognised.

3.5 The Secretary of State for Levelling up Housing & Communities subsequently announced, on January 24th, additional funding measures worth £600m for local authorities. This includes £500 million of new funding for councils with

² Autumn Statement - HM Treasury 22 November 2023

³ Institute for Fiscal Studies – The impact of the Autumn Statement on public services, council funding and devolution deals – 24 November 2023.

responsibility for adults and children's social care, distributed through the Social Care Grant. This new funding is intended to improve service performance and local authorities will be asked to produce productivity plans setting out how they will improve service performance. The final Local Government Finance Settlement (LGFS), confirming individual local authority allocations, was announced on 5th February 2024.

- 3.6 The depth of the financial stress emerging across local government is evidenced by three local authorities issuing s114 notices, arising from their inability to set balanced budgets between June and November 2023. This compares to three authorities (including Croydon) in the previous five years. In addition, several other councils have publicly indicated that they might need to make the same announcement in the next few months.

Local Legacy and Structural Issues

- 3.7 In Autumn 2020 Croydon Council was issued with a Report in the Public Interest identifying significant failures in leadership, governance and financial management. The Report brought to light serious financial concerns which centred on the Council's strategy of commercial investment and residential development.
- 3.8 In November 2020, the Council issued its first S114 notice, flagging that it was in a position whereby it could not continue to operate without exceptional financial support. In December 2020, the Council requested exceptional financial support, which was agreed by government through the provision of capitalisation directions, of £150m over four years from 2020-21.
- 3.9 Croydon put in place the 'Croydon Renewal Plan' in response to the financial crisis and made significant progress by delivering cumulative savings of £90m over 2021-22 and 2022-23. However, the requirement upon Croydon, following external audit review and the outcome of the 'Opening the Books' exercise launched by the Executive Mayor in 2022, identified that the full scale of the financial challenges was far greater than had been originally envisaged. On-going legacy budget corrections of £49m were required for 2023-24 with prior year adjustments of £161.6m identified.
- 3.10 The seriousness of the Council's financial position resulted in the Corporate Director of Resources and S151 Officer deciding that Croydon Council's budget was not financially sustainable and issuing a Section 114 Notice from 2023-24 onwards. The section 114 Notice was issued on 22 November 2022 and reported to Cabinet on 30 November 2022. The Report concluded that the Council cannot solve its financial issues on its own and set out a range of requests of government for exceptional financial and other support.
- 3.11 A package of measures was subsequently agreed with central government that enabled the Council to set a balanced budget for 2023-24. These included:

- An increase in the 2023-24 Referendum Cap for council tax increases from 4.99% to 14.99% for Croydon.
 - Central government making available exceptional financial support, in the form of permission for additional borrowing to fund revenue (a Capitalisation Direction) of £63m in 2023-24 (£58m on top of the £5m previously agreed by government in 2021 for 2023-24).
 - A further Capitalisation Direction of £161.6m to cover the prior year legacy issues that were revealed through the Opening the Books programme.
- 3.12 These measures, along with the Council agreeing to make savings of £36m in 2023-24, enabled Croydon to set a balanced budget for 2023-24. The Council is therefore currently not subject to the S114(3) report issued on 22 November 2022.
- 3.13 The 'Opening the Books' exercise more clearly established the Council's underlying financial position. But there is still a risk that further legacy issues will emerge. As part of Croydon's response to the Provisional Local Government Finance Settlement it has requested a further legacy Capitalisation Direction of £9.4m for 2019-20. This relates to an historic contractual issue for highway works and improvements.
- 3.14 The use of Capitalisation Directions, which allow additional local authority borrowing, is the Government's only solution at this stage for councils in financial distress. A key structural problem already facing Croydon is that the Council has a high level of debt. As at the end of 2021-22 OFLOG data confirmed that the cost of servicing Croydon's debt, at 16% of core spending power, is double that for the median English authority. The subsequent further use of Capitalisation Directions has added to Croydon's debt burden. As mitigation against this debt increase the council has put in place an asset disposal programme that aims to deliver £200m of receipts over the 2022-23 to 2025-26 period. After allowing for the disposals programme the net cost of servicing Croydon's 2024-25 debt is estimated at 15% of core spending power.
- 3.15 The on-going impact of the legacy issues facing Croydon means that extraordinary government support is still necessary unless a resolution to the high cost of servicing the Council's General Fund debt of £1.4bn is found. Such support is budgeted at £38m for 2024-25 and modelled to be required at the same level for future years.
- 3.16 Dialogue has continued with government regarding the level and type of future government support. The Council's preferred option for future government support would be for a £540m debt write off or an equivalent level of revenue grant support to be provided. This would deliver estimated revenue budget savings of £38m p.a. and enable the Council to set balanced budgets that neither relied on future government support nor placed additional and avoidable pressure on Croydon's taxpayers.

3.17 For 2024-25 the Government have notified Croydon that there will be no change in how exceptional support is made available. The use of a Capitalisation Directive of £38m is now budgeted for 2024-25 and a request has been submitted for a further £9.439m relating to 2019-20. Further exceptional financial support will be required from government for future years and £38m is modelled into the MTF5 on an ongoing basis.

4. THE 2024-25 BUDGET AND COUNCIL TAX REQUIREMENT

4.1 The determination of Croydon's 2024-25 net budget requirement of £361.3m and council tax requirement of £259.8m is set out in Table 2. The medium-term forecast, to 2027-28, is set out in Appendix A with a departmental and subjective budget summary for 2024-25 provided in Appendix B (to follow for Budget Council).

Table 2 – 2024-25 Budget and Council Tax Requirement

	£'m
Directorate & Corporate Base Budget	383.702
Provision for pay and contract inflation (includes £0.749m b/fwd)	18.183
Demand pressures and correction of legacy issues	11.523
Net cost of borrowing (overall cost)	65.766
Saving from the asset disposal programme	-6.684
Savings and change proposals	-23.731
Transformation programme (reduction from £10m in 2023-24)	5.000
Contingency funding (unchanged from 2023-24)	5.000
Council tax – hardship support	0.500
Gross Budget Requirement	459.259
Core Grants	-43.929
Section 31 grant for under indexing the business rates multiplier	-16.063
Government capitalisation directive	-38.000
Net Budget Requirement (as per the budget book)	361.267
Prior year collection fund Surplus	-1.798
Revenue Support Grant	-17.818
Business rates (local income and top-up Grant)	-81.890
Council Tax Requirement (including the adult social care precept)	259.761

5 BUDGET ASSUMPTIONS

5.1 Budget estimates are exactly that, estimates of spending and income at a point in time. The key assumptions that underpin the 2024-25 budget estimate are set out below.

Inflation and Economic Demand Pressures.

5.2 Inflationary pressures have decreased markedly over the past year. The Consumer Price Index (CPI), the measure targeted by the Bank of England, stood at 4.0% in December 2023 compared to 10.5% in December 2022.

5.3 The drivers behind the downturn in inflation are varied but include a faster than

expected decline in energy costs and downwards pressure on prices from rising interest rates. Although inflation has decreased the OBR⁴ noted that inflationary pressures are more persistent than previously thought. They expect it to be below 5% by the end of this year and reach 2% in the first half of 2025.

- 5.4 There is a risk that some of this year's higher inflation will feed through to council costs with a lag. For example, the 2024-25 increase in the London Living Wage (LLW) is 10.04%, up from £11.95 per hour to £13.15 per hour. This followed the government's increase to the National Living Wage, set when 2023-24 inflationary pressures were peaking. The Council is committed, as part of the Ethical Care Charter, to ensure that relevant social care provision takes this increase into account.
- 5.5 For Croydon an inflation provision of £32.9m was made in 2023-24 of which:
- £1.2m was required to meet catch-up pressures from 2022-23.
 - £20.7m has been allocated in 2023-24 to meet contract and price pressures. This is based on review of detailed directorate requests.
 - £10.3m was allocated to fund the 2023-24 pay award (equivalent to a 6.5% pay award)
 - A balance of £0.75m remains unallocated.
- 5.6 For 2024-25 the MTFS Update report to October Cabinet allowed for an inflation provision of £17m based on the expected easing in inflationary pressures. Whilst inflation is still forecast to reduce significantly it is now proposed to top-up the £17m with the unallocated 2023-24 provision of £0.75m and an additional £0.389m. An overall 2024-25 provision of £18.183m will provide additional financial cover should, as the OBR suggest, inflation prove to be more persistent than previously anticipated. £18.183m could be seen to fund an estimated 2024-25 4% pay award of £6.4m with £11.783m of funding for non-pay inflation.
- 5.7 For years beyond 2024-25 the forecast budget allows for a further easing in inflationary pressures with a provision of £12m. This could be seen to fund a 2% pay award of £3.2m with £8.8m funding for non-pay inflation.
- 5.8 The use of the 2024-25 inflation provision will be controlled corporately and drawn down in accordance with the national pay award and agreement of specific directorate pressures. The latest report⁵ of the Bank of England Monetary Policy Committee highlighted downside and upside risks to their latest inflation forecast, for example the downside impact if geopolitical tensions and supply disruption ease more quickly, or upside risk if the external cost shocks on inflation take longer to unwind than they did to emerge. For Croydon the risk that actual inflationary pressures will be significantly more, or less, than budgeted will be closely monitored with updates provided within the monthly Cabinet financial performance reports.

4 OBR – November 2023 Economic and fiscal outlook Report to accompany the Autumn Statement.

5 August 2023

5.9 The 2023-24 budget also included a £5.5m provision (economic demands and pressures) that allowed for the broader impact of the increase in the cost of living on the Council. As at month 8 (November 2023) £4.6m of the 2023-24 budget has been allocated to fund on-going pressures regarding homelessness (£2.2m), housing benefit subsidy shortfalls (£1.7m) and an increase in caseloads for children’s social care workers (£0.7m). The unallocated balance will not be carried forward in 2024-25 and is released to fund other pressures. For financial modelling purposes, the medium term forecast allows for an additional £5m per annum to be set aside from 2025-26 onwards.

5.10 A budget of £2m was set aside in 2023-24 as a Council Tax Hardship Fund to protect low-income households that find themselves in financial difficulty due to the increase in the Croydon Council Tax. Actual spend from the Hardship Fund is not forecast to exceed £0.5m in 2023-24 and the 2024-25 budget is rebased at this lower level. As set out in Appendix G there has been a significant increase in the local council tax support caseload over the past year which equates to a forecast reduction in the 2024-25 council tax base of 1,052 Band D equivalent properties – an income loss of £2m. The reduction in the Hardship Fund partially mitigates this impact.

5.11 A contingency of £5m is retained within the 2024-25 budget against emergent financial risks. As at month 8 (November) none of the 2023-24 risk contingency of £5m is forecast to be used.

Demand Pressures and Legacy Budget Corrections

5.12 The 2024-25 budget includes £11.5m, as summarised in Table 3 and detailed in Appendix C, to meet necessary demand pressures, such as those arising from demographic growth, and to correct legacy issues.

5.13 The Opening the Books exercise launched by the Executive Mayor in July 2022 required budget corrections of £49m for 2023-24 with prior year adjustments of £161.6m. This better established the Council’s true underlying financial position and there is less risk of further historic legacy issues emerging. Legacy budget corrections of £0.8m are included within the 2024-25 budget.

Table 3 – 2024-25 Demand Pressures and Budget Corrections

Directorate	Demand Pressures £'000s	Legacy Budget Corrections £'000s	Total £'000s
Children, Young People and Education	0	0	0
Adult Social Care and Health	4,530	0	4,530
Housing	0	0	0
Sustainable Communities	722	306	1,028

Regeneration and Economic Recovery			
Assistant Chief Executive	3,708	500	4,208
Resources	1,686	0	1,686
Corporate	71	0	71
Total	10,717	806	11,523

5.14 New demand and demographic pressures will emerge beyond 2024-25 and an overall allowance of £14m per annum is modelled for future years. This is in line with the growth provided over the past 2 years.

5.15 The 2024-25 Final Local Government Finance Settlement (LGFS) confirmed a £3.8m grant increase for the adult social care discharge fund and market sustainability and improvement fund. The 2024-25 Croydon budget directly allocates this funding for use by Adult Social Care. It supplements the £4.5m set aside within the 2024-25 Croydon budget to meet demand and demographic pressures.

Savings and Transformation

5.16 Given Croydon's financial challenges, the Council must reduce its expenditure significantly over the medium-term. This does mean difficult decisions on the services the Council provides and ultimately, as set out in the Executive Mayor's Business Plan, the Council will need to do less and spend less in the future.

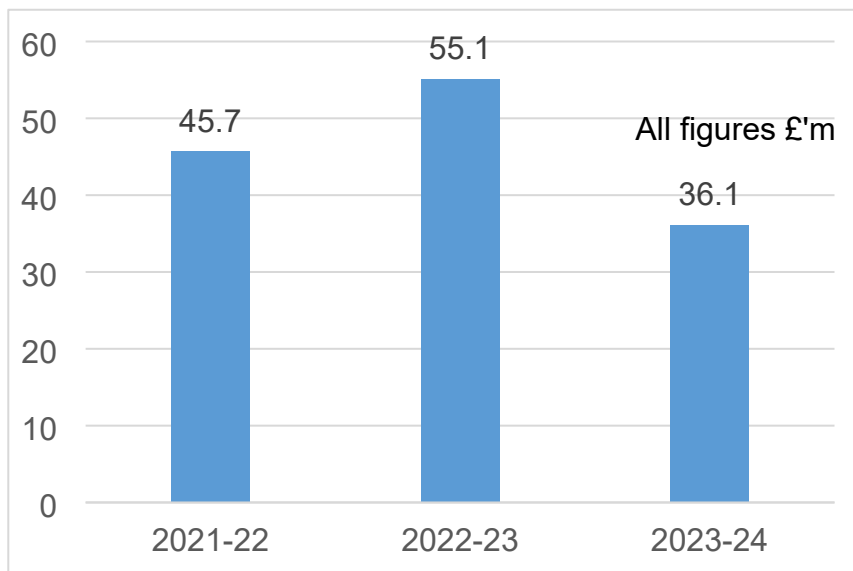
5.17 As set out in Table 4 overall savings of £30.4m are proposed for 2024-25. The savings have been developed in accordance with guidance from the Corporate Director of Resources and have been through a robust process of development and challenge with the Executive Mayor, Cabinet Members, the Chief Executive, the Corporate Management Team, service directors and managers. They have also been subject to review by the Scrutiny and Overview Committee and formed part of the public engagement process regarding the 2024-25 budget.

Table 4 – 2024-25 Savings and Change proposals by Directorate.

Directorate	£000s
Children, Young People and Education	2,972
Adult Social Care and Health	5,000
Housing	1,989
Sustainable Communities Regeneration and Economic Recovery	1,353
Assistant Chief Executive	4,245
Resources	6,672
Corporate	1,500
Total (Appendix C)	23,731
Debt servicing saving from asset disposals	6,684
Overall	30,415

- 5.18 Directorate savings of £23.7m are proposed for 2024-25 and are summarised in Appendix C. These include incremental savings of £6m that were originally put forward within the 2023 budget process. The asset disposal programme will deliver an estimated 2024-25 saving of £6.7m in debt servicing costs.
- 5.19 The savings programme is focused on the Council's priorities:
1. The Council balances its books, listens to residents and delivers good, sustainable services.
 2. Croydon is a place of opportunity for business, earning and learning.
 3. Every child and young person in Croydon has the chance to thrive, learn and fulfil their potential.
 4. Croydon is a cleaner, safer and healthier place, a borough to be proud of.
 5. People can lead healthier and independent lives for longer.
- 5.20 The scale of savings required by the Council cannot be met through 'salami-slicing' or just stopping some services. Croydon is committed to service transformation that delivers both financial and service benefits. The Council set aside £10m to fund transformation work in 2023-24 and a further £5m per annum is budgeted for 2024-28. An update on the transformation projects is provided in Appendix D. Given the magnitude of Croydon's financial challenge the level of the transformation budget will be regularly reviewed so that the transformation plans can be delivered safely and sustainably.
- 5.21 Beyond 2024-25, the MTFs models savings of £20m per annum. Given the financial pressures the Council faces, it will strive to go further than this as long as it is safe to do so. As set out in Chart 1 the Council has identified an average of £45m+ per year in savings from 2021-22 to 2023-24. These annual savings are significantly higher than other London boroughs and our statistical neighbours. This is not sustainable for the future and would risk hollowing out the services received by residents.

Chart 1- Budget Savings 2021-22 to 2023-24



Net Cost of Borrowing

- 5.22 Given the Council’s high debt burden the 2024-28 capital programme only covers essential work on assets such as operational buildings, roads, parks and ICT infrastructure so that future debt charges are minimised.
- 5.23 The Council’s asset base is under continual review to identify surplus assets that can be sold. This will generate capital receipts that can avoid further borrowing and/or repay debt. Two tranches of assets have already been approved by the Executive Mayor in Cabinet for immediate sale. The asset disposal programme aims to generate capital receipts of £200m over the 2022-23 to 2025-26 period of which £148m is forecast to be receivable by the end of 2023-24.
- 5.24 The 2024-25 budget for the net cost of borrowing is £65.8m prior to forecast savings of £6.7m from asset sales. The net budget of £59.1m provides for debt servicing costs of £61.7m (interest payable on borrowing and the annual charge to revenue for debt repayment – the minimum revenue provision) that is partially offset by investment income of £2.6m. The debt servicing cost is forecast to be 15% of 2024-25 core spending power.
- 5.25 The 2024-25 budget for the net cost of borrowing, and future forecast, aligns with the proposed 2024-28 capital programme and Treasury Management Strategy. It includes the use of capitalisation directions as set out in Table 5. The forecast assumes that further capitalisation directions of £38m per annum are required from 2025-26 onwards. The estimated additional annual debt servicing cost for each £38m tranche is £2.5m per annum.

Table 5 – Budgeted Capitalisation Directions

	£'m
Prior to 2023-24	145.0

Legacy issues to 2022-23 (agreed for 2023-24 Budget)	161.6
2023-24 – Existing	5.0
2023-24 – New	58.0
2024-25 – New	38.0
2025-26 – assumed	38.0
2026-27 – assumed	38.0
2027-28 – assumed	38.0
Total government support	£521.6m
Additional legacy request in relation to a highways contractual issue.	£9.4m

5.26 As exemplified in Table 5 the agreed capitalisation direction for 2023-24 of £63m and assumed requirement of £38m per annum for the next 4 years will increase borrowing need by £215m. This compares to the potential generation of £200m in receipts from the asset disposal programme. The asset disposal programme will mitigate the impact of further capitalisation directives but will not enable in-roads to be made into Croydon’s historic debt burden.

Government Grant and Business Rates Funding

5.27 The Final Local Government Finance Settlement (LGFS) was announced by a written Ministerial statement on 5th February 2024. The core grant and revenue support grant funding receivable by Croydon in 2024-25 is set out in in Appendix E. There is a net increase of £5.8m from 2023-24 in general grants. This includes an additional allocation of Social Care Grant of £2.9m following the announcement by the Secretary of State for Levelling up Housing & Communities, on January 24th, of additional funding measures worth £600m for local authorities.

5.28 The 2024 Final LGFS is for one year only. The assumptions that underpin the Council’s forecast beyond 2024-25 are set out in Appendix E and will be updated as part of the 2025-26 budget strategy.

5.29 For business rates the small business rate multiplier will be frozen for a fourth year at 49.9p, while the standard multiplier will be uprated by September CPI to 54.6p. The current 75% relief for eligible Retail, Hospital and Leisure (RHL) properties is being extended for 2024-25. Local authorities will be fully compensated for the loss of income arising from these measures.

5.30 The current business rate forecast is set out in Appendix F and takes account of the uplift in the business rate multiplier. The forecast has been updated in line with the annual NNDR1 return submitted to government. For future years an annual 2% inflationary uplift is modelled. There is no underlying growth in the tax base with the impact of appeals, empty buildings and deletions expected to offset the addition of new hereditaments.

5.31 The final entries have been completed regarding 2022-23 business rates and an update provided on the 2023-24 position. As set out in Appendix F prior

year deficits of £1.8m are now modelled which form part of a proposed drawdown of £3.5m from the business rates and collection fund smoothing reserve of £8.4m.

6. REQUEST FOR GOVERNMENT SUPPORT

- 6.1 The magnitude of the financial challenge facing Croydon means that it cannot become financially and operationally sustainable without significant central government assistance.
- 6.2 The current budget modelling identifies a requirement of £38m per annum from 2024-25 to 2027-28. This is a reduction from the requirement for a capitalisation direction of £63m in 2023-24.
- 6.3 As set out in Table 5 it is currently assumed that future government support of £38m per annum will be provided through the use of capitalisation directions. This replicates how central government has previously supported the Council and will in 2024-25. The Council is concerned that the continued use of capitalisation directions, which add to Croydon's debt burden and negate the benefits from the asset disposal programme, will not provide a financially sustainable solution to the Council's future budget. A disproportionately high level of savings is already required to fund the annual cost of debt repayment.
- 6.5 A debt reduction, or equivalent grant support, would recognise both the unique 'toxic' debt burden faced by Croydon but also the burdens it has taken on without sufficient funding capacity to service the debt.
- 6.6 Further to the announcement of the 2024-25 Provisional LGFS it is expected that exceptional government financial support will continue to be facilitated through use of a Capitalisation Direction of £38m in 2024-25. An additional legacy request, relating to 2019-20, of £9.439m has also been submitted concerning the highway works and improvements contract. This is modelled within the Croydon budget proposals.

7. COUNCIL TAX BASE AND CHARGE

- 7.1 The determination of the tax base is delegated to the Corporate Director of Resources (S151) Officer and is 137,040.4 Band D equivalents for 2024-25. This is a decrease of 190 Band D equivalent households from 2023-24 to 2024-25. The report agreed by the Corporate Director of Resources (S151) Officer is attached as Appendix G.
- 7.2 Although the number of dwellings has increased in line with the trend growth seen over the past 5 years the 2024-25 tax base has decreased due to an upturn in the level of discounts offered through the local council tax support scheme and number of students qualifying for council tax exemptions.

- 7.3 The Levelling-up and Regeneration Act 2023 achieved Royal Assent on 26 October 2023. It allows councils to apply a Council Tax premium of up to 100% on homes which have been empty for longer than one year (rather than the two years currently in place). Full Council will be recommended to approve this and other Council tax changes in respect of empty dwellings as detailed in full in the 22 November 2023 Cabinet report, Appendix H to this report. The tax base forecast includes a net uplift of 141 dwellings based on adoption of these changes. Full Council are required to consider whether to approve this change, and to charge a premium on second homes from 2025-26.
- 7.4 From 1 April 2022 the Council changed the Council Tax Support Scheme to an income band scheme. This means that weekly household income is used to determine the percentage of Council Tax support provided.
- 7.5 At the Council budget meeting on 1 March 2023, it was resolved to “Change the rate at which the income bands are increased annually from the level of Consumer Price Index (CPI) 10.1% to the amount Council Tax is increased for that year which could be up to 15% cap.” The income band levels increase being in line with Council Tax increase was only for 2023-24 and therefore the Council Tax Support Scheme will revert from 1 April 2024 to increase the income bands in line with consumer price index (CPI) year on year inflation as at September in the prior year.
- 7.6 The forecast council tax collection rate of 97.5% is unchanged from 2023-24.
- 7.7 The Band D council tax charge for Croydon is calculated by dividing the council tax requirement by the council tax base. The figures for 2024-25 are:

A	Croydon Council Tax Requirement	£259,761,449
B	Tax Base (Band D equivalent)	137,040.40
A / B	Band D Charge	£1,895.51

7.8 This represents an increase in the Croydon element of the council tax charge of 2.99% and a 2% levy for the adult social care precept. The weekly increase in the Band D charge for the Croydon element of council tax is £1.73 (annual £90.09 and daily £0.25)

7.9 As part of the Localism Act 2011, the Government replaced the power to cap excessive budgets and council tax increases with a statutory duty to undertake a referendum on proposed council tax increases above limits it sets. For 2024-25 the relevant basic amount of council tax of Croydon London Borough Council has been determined by government as being excessive only 'if the authority's relevant basic amount of council tax for 2024-25 is 5% (comprising 2% for expenditure on adult social care, and 3% for other expenditure), or more than 5%, greater than its relevant basic amount of council tax for 2023-24'. The 2024-25 Croydon Council tax increase is below 5% and will not require a referendum.

8 PRECEPTOR'S COUNCIL TAX REQUIREMENTS

8.1 The Greater London Authority's (GLA) precept is also funded from council tax. The following table analyses the total amount to be funded and the resulting proposed overall Band D council tax level.

A	GLA Council Tax Requirement	64,600,845
B	Tax Base (Band D equivalent)	137,040.40
A / B	Band D Charge	471.40

8.2 The Mayor for London has proposed a Band D charge of £471.40 This is subject to formal approval by the Mayor for London following the London Assembly meeting of 22 February 2024. The proposed GLA charge represents an increase of £37.26, or 8.58%, compared to 2023-24.

9 TOTAL 2024-25 COUNCIL TAX REQUIREMENT

9.1 The overall amount to be met from the council tax, subject to confirmation of the GLA precept, is £324.4m.

A	Croydon Council Tax Requirement	£259,761,449
B	GLA Council Tax Requirement	£64,600,845
C	Total Council Tax Requirement	£324,362,294

9.2 In accordance with the Local Government Finance Act 1992, the Council is required to calculate and approve a council tax requirement for its own budgetary purposes (section 9) and then add the separate council tax requirements for each of the preceptors (section 10). The requisite calculation is set out in Appendix I.

9.3 The Council must then set the overall council tax for the Borough. These calculations must be carried out for each of the valuation bands, A to H. The amount per Band D equivalent property is calculated as follows:

A	Total Council Tax Requirement	£324,362,294
B	Tax Base (Band D equivalent)	137,040.40
A/B	Band D Charge	£2,366.91

Prior year Collection Fund adjustments

9.4 The Local Government and Finance Act 1988 requires that all council tax and non-domestic rates income is paid into a Collection Fund, along with payments out regarding the Greater London Authority precept, the business rates retention scheme and a contribution towards a Council's own General Fund. Adjustments are made to future years for the difference between the actual, and budgeted income collected.

9.5 For Croydon a net council tax collection fund surplus of £2.230m is estimated for 2023-24, which relates to the finalisation of amounts for 2022-23, of which the Croydon share is estimated at £1.798m.

10. BUDGET ENGAGEMENT

10.1 An update on the Medium-Term Financial Strategy 2024-25 to 2027-28 was considered by Cabinet on 25th October 2023. It was agreed, in line with the Executive Mayor's commitment to listen to Croydon's residents, that a public engagement programme be launched to allow residents, partners, the voluntary, community and faith sector and other interested parties to provide their views and feedback on the revenue budget proposals set out in the

Report. The public engagement programme would also cover the annual statutory budget consultation with local businesses.

- 10.2 The budget engagement subsequently ran on the Council's online platform from 6th November 2023 for six weeks. It gave residents and businesses the opportunity to provide their views on the services and areas of spending which are most important for them and offer the opportunity to comment on how specific savings proposals may impact them and what mitigations the Council may wish to consider.
- 10.3 The Budget engagement was publicised across all Council communications channels including social media, shared with local voluntary, community and faith sector organisations, resident associations, local businesses and other partners, and publicised in the Council's libraries and children's centres with staff briefed to support residents and print copies of the information and survey if needed.
- 10.4 Separate individual service consultations with service users, staff and trade unions will also be undertaken ahead of implementation of individual savings proposals where required.
- 10.5 The feedback from the consultation (public engagement) is summarised in Appendix J. 939 responses were received with respondents giving greatest priority to support for elderly and vulnerable residents, services for children, young people, families and education and rubbish and recycling collections. The lowest ranked service areas, according to respondents, were libraries, culture and leisure and sports facilities.
- 10.6 In answering how the budget proposals will affect them, the key themes of concern were (number of responses are shown in brackets):
- Increase in council tax (248)
 - Cost of living (50)
 - Service cuts and reductions (38).
- 10.7 This report recommends that the Executive Mayor in Cabinet consider the responses to the budget engagement with residents and statutory consultation with businesses as set out in Appendix J. Officers have reviewed the feedback and are content that the proposals in the report are not inconsistent.

11 VIEWS OF THE DIRECTOR OF FINANCE UNDER SECTION 25 of the LOCAL GOVERNMENT ACT 2003

11.1 Under Section 25 of the Local Government Act 2003, the Corporate Director of Resources (Section 151 Chief Finance Officer) is required to include, in the budget report, her view of:

- the robustness of the 2024-25 estimates.
- the adequacy of the balances and reserves the budget provides for in light of the medium-term risks facing the authority.

11.2 As set out in Appendix K the Corporate Director of Resources is satisfied with the accuracy and robustness of the estimates included in this report. It should be noted that budget estimates are exactly that, estimates of spending and income at a point in time. This statement about the robustness of estimates cannot give a guaranteed assurance about the budget but gives Members reasonable assurances that the budget has been based on the best available information and assumptions.

11.3 Reserves play a crucial role in good public financial management. As well as providing resilience against unexpected events or emergent needs they enable investment in service transformation and council priorities. An update on the key medium term financial risks facing Croydon is set out in Appendix K with key directorate risks detailed in Appendix L.

11.4 The Council has a well-documented history of the imprudent use of reserves to balance its budget and has taken robust action over the past four years to restore reserves from a negative base. This action will be strengthened by putting in place, as set out in Appendix M, a reserves policy for 2024-25.

11.5 The current estimate of reserves that will carry forward to 2023-24 are summarised in Table 6. The current estimate is still subject to review through the closedown of the accounts process for 2019-20 to 2022-23. The estimated general fund balance was £27.5m at the start of 2023-24 and is not anticipated to change prior to the start of 2024-25. The Corporate Director of Resources is of the view that this should be the minimum level of general fund balance that the Council holds given its scale, complexity as a unitary council and historically high-risk profile.

Table 6 – Reserves Carried Forward to 2023-24

	Balance 1st April 2023 £'m
Earmarked Reserves	60.4
Restricted Reserves	76.8
Balances held by Schools	6.7
General Fund Balances	27.5
Total	171.4

11.6 As set out in Appendix K it is the view of the Corporate Director of Resources that the 2024-25 budget provides for an adequate level of balances and reserves considering the medium-term risks facing the authority.

11.7 Over the longer-term the Council faces a significant challenge to identify further savings that balance the budget. The current Budget modelling identifies a target for new savings of £20m per annum beyond 2025-26. However, there is an annual £38m shortfall driven by the cost of debt in the Council's ongoing annual budget which is currently assumed to be funded from annual Capitalisation Directions, which in turn will generate more cost pressures from their associated debt charges. This is not a sustainable financial position and will need to be resolved.

12. DEDICATED SCHOOLS GRANT

12.1 Dedicated Schools Grant (DSG) is paid to the Council by the Secretary of State under Section 14 of the Education Act 2003. DSG is provided outside of the LGFS and must be allocated, in line with the associated conditions of the School and Early Years Finance Regulations, to the schools' budget in the year in which it is paid.

12.2 As shown in Table 7 Croydon's provisional DSG allocation for 2024-25 will increase by £28.583m to £466.825m. The key growth areas are the High Needs, Early Years and Schools Block. The growth allocated to the School's Block was £5.701m representing an 2024-25 increase of 1.82%.

Table 7 – Croydon DSG Allocations

Financial Year	Schools Block	Central Services Block	High Needs Block	Early Years Block	Total DSG
	(£'m)	(£'m)	(£'m)	(£m)	(£m)
2023-24	313.433	4.728	89.704	30.377	438.242
2024-25	319.134	4.696	92.227	50.768	466.825
Change	5.701	-0.032	2.523	20.391	28.583

12.3 **Schools Block** - The Schools Block of £319.134m funds mainstream schools from reception class to Year 11 (nursery and sixth-form funding are excluded). Croydon has 109 schools with 50,578 pupils according to the most recent Department for Education (DfE) data. This is a net increase of 101 from last year.

12.4 Whilst local authorities allocate the school's block budget the DfE is moving towards implementing a National Funding Formula (NFF). For 2024-25 local authorities must move their local formula factor values at least 10% closer to the NFF, except where their local factor is already mirroring the NFF.

12.5 Croydon local factors largely mirror the NFF and the current changes are unlikely to have a significant impact. There may be a small benefit for secondary schools.

12.6 Table 8 sets out the funding breakdown of the Schools Block across primary and secondary schools and the percentage grant change from 2023-24.

Table 8 – Schools Block

	2023-24 (A)	2024-25 (B)	Total Change (C) = (B) - (A)	Value change	Percentage Change
	(A)	(B)	(C)		
Primary School Rate of Funding (£'s)	5,383.68	5,477.01	93.33	£2,919,409	1.73%
Primary School Pupil Numbers (no)	31,280.50	31,278.50	-2.00	-£10,954	-0.01
Primary Block Funding (£'s)	168,404,202	171,312,657	2,908,455	£2,908,455	1.73%
Secondary school Rate of Funding (£'s)	7,278.90	7,391.76	112.86	£2,166,404	1.55%
Secondary school Pupil Numbers (No)	19,195.50	19,299.33	103.83	£767,486	0.54%
Secondary Block Funding	139,722,125	142,656,016	2,933,891	2,933,891	2.09%
Premises (£; s)	3,243,546	3,446,676	203,130	203,130	6.26%
Growth (£'s)	2,063,504	1,718,503	-345,001	-345,001	-16.72%
Overall Total	313,433,377	319,133,852	5,700,475	5,700,475	1.82%

12.7 Primary school numbers have fallen by two pupils (31,279 – 31,281), whilst secondary school numbers have increased by 103 (19,299 – 19,196). Several primary schools are facing financial challenges due to a reduction in their pupil numbers over recent years and the low percentage increase in 2024-25 funding.

12.8 The funding formula factors used to determine each individual school budget allocation are set by the DfE. The funding rates and local factors were reviewed and thereafter recommended by Croydon Schools Forum on 6th November 2023 with Cabinet approval on 31st January 2024.

12.9 **High Needs Block (HNB)** – This grant supports all special education needs (SEN) provision including, maintained special schools, independent special schools and SEN support in mainstream schools. The HNB national funding factors are largely based upon historical factors.

12.10As set out in Table 9 there is a 2.8% increase in 2024-25 HNB funding. The percentage increase in the basic allocation is 7.19% but the DfE are no longer providing the additional high-needs allocation received in 2023-24. The HNB includes the minimum funding requirements for special schools highlighted in the 2023-24 DfE operational guide.

Table 9 – High Needs Block

Financial Year	Basic Allocation	Other elements	Import / Export	Hospital education, AP, Teachers pay/pension and supplementary funding factor	Additional high needs allocation (£s)	Total
	(£'s)	(£'s)	(£'s)	(£'s)	(£'s)	(3's)
2023-24	80,165,501	7,199,777	-2,775,000	1,433,437	3,680,676	89,704,391
2024-25	85,933,273	7,635,729	-2,790,000	1,447,663	0	92,226,665
Change	5,767,772	435,952	-15,000	14,226	-3,680,676	2,522,274

12.11 The High Needs funding pressures have become more acute since the introduction of the Children and Families Act 2014 and the requirement to meet the needs of 18 to 25 year-old students. For Croydon there was a budget gap of £1.8m last year.

12.12 Many local authorities have a HNB deficit due to the demands referred to above. If an authority has an overall DSG deficit of one per cent or more at the end of the previous financial year it is required to submit a deficit recovery plan. At the close of 2022-23 the cumulative Croydon deficit was £15.4m. The Council signed a “Safety Valve” agreement with the DfE last year which is designed to assist local authorities that have the highest cumulative percentage DSG deficits on their balance sheet.

12.13 The rationale is to inject cash in the form of both capital and revenue to fund the provision of more school places for children with special educational needs and disabilities (SEND) as well as clear the agreed historical deficits. Croydon signed a Safety Valve agreement for a £27.4m cash intervention, through which Croydon received £10.96m in March 2023 and is expecting another £3.29m in 2023-24 provided that the financial targets signed under the agreement are met.

12.14 The government recently confirmed the extension of the Statutory Override for the DSG deficit for the years, from 2023-24 to 2025-26. This means that the DSG deficit is not an immediate financial risk to the local authority.

12.15 **Early Years Block** – This block covers funding for pupil’s free entitlement across all early year’s settings. There is a universal free entitlement of 15 hours per week, but some pupils are eligible for 30 hours. The funding allocations for 2024-25, compared to 2023-24 are shown in Table 10.

12.16 The reason for the significant increase is that the government introduced 15 hours entitlement for eligible working parents of children from 9 months to 2 years old (new entitlement from 1 September 2024) and 15 hours entitlement for eligible working parents of 2-year-old children from 1 April 2024. From September 2025, eligible working parents of children aged nine months and above will be able to access 30 hours (over 38 weeks a year) from the term following their child turning nine months to when they start school.

Table 10 – Early Years Block

	2023-24	Change	2024-25
3&4 Year Old Funding Rate (£'s)	5.78	0.98	6.76
3&4 Year Old (units)	7,919.62	201.19	8,120.81
15 hrs * 38weeks	570.00	0	570
3&4 Year Old Funding (£'s)	26,091,980	5,199,125	31,291,105
2 Year Old Funding Rate (£'s)	6.63	3.49	10.12
2 Year Old Funding Rate (units)	849.16	1,366.75	2,215.91
15 hrs * 38weeks	570	0	570
2 Year Old Funding (£'s)	3,209,060	9,573,195	12,782,255
under 2 years Old Funding Rate (£'s)	0	13.79	13.79
under 2 years old early years (units)	0	675.10	675.10
15 hrs * 38weeks	0	570	570
Under 2 Year Old Funding (£'s)	0	5,306,489	5,306,489
Early years pupil premium	168,855	118,176	287,031
Disability access fund	134,136	115,204	249,340
Initial supplementary funding allocation	773,262	78,364	851,626
Total Funding	30,377,293	20,390,553	50,767,846

12.17 An Early Years National Funding Formula was introduced in April 2017. It aims to ensure that all early year settings are funded at the same rates within each local authority. The main risk with this block is the challenges faced by the Maintained Nursery schools due to funding shortfalls and existing deficits. The service is working with these schools on their three-year deficit recovery plan.

12.18 **Central Services Schools Block** - The Central Services Schools Block (CSSB) consists of two parts – on-going functions and historic commitments.

12.19 The 2024-2524 CSSB allocations are set out in Table 11. This includes protection for historic prudential borrowing costs and historical teacher pension costs.

Table 11 – Central Services Schools Block

	CSSB Unit of Funding	CSSB Pupil Count	On-going Commitments	Funding for Historic Commitments	Total Central School Services Block
	(£'s)		(£'s)	(£'s)	(£'s)
Year 2023-24	52.93	50,476.00	2,671,694	2,056,320	4,728,014
Year 2024-25	52.20	50,577.83	2,640,163	2,056,320	4,696,482
Change	-0.73	101.83	-£31,521	0.00	-31,531.27

12.20 On-Going Commitments.

The main expenditure type under on-going responsibilities includes:

- a) licences negotiated centrally by the Secretary of State for all publicly funded schools
- b) Schools Admissions Remission of boarding fees at maintained schools and academies and Servicing of school's forums.
- c) Finance, Internal Audit cost and management salaries related to education functions.

The reduction in grant by £0.032m will be met by savings within the service.

12.21 Historic Commitments. The DfE policy team agreed on the protection of funding for historic commitments following a submission to the DfE by the Council. The protection covers the prudential borrowing and historical teachers' Pension costs. Without such protection the grant funding would have reduced by 20%. There is a future risk that such protection may not continue.

13 FINANCIAL IMPLICATIONS

13.1 As set out throughout this report.

14 LEGAL IMPLICATIONS

Setting the Council Tax

14.1 The Local Government Finance Act 1992 ("The Act") sets out the statutory framework for the setting of Council Tax. Section 1 ('Council tax in respect of dwellings') provides for the Council, as a billing authority, each financial year, to levy and collect Council Tax in respect of dwellings within its areas.

14.2 Section 30 ('Amounts for different categories of dwelling') sets out how the Council should calculate the amount of Council Tax by taking the aggregate of-

- a) the amount which, in relation to the year and the category of dwellings, has been calculated (or last calculated) by the authority in accordance with sections 31A, 31B and 34 to 36
- (b) any amounts which, in relation to the year and the category of dwellings have been calculated in accordance with sections 42A, 42B and 45 to 47 below and have been stated (or last stated) in accordance with section 40 in precepts issued to the authority by major precepting authorities.

14.3 Section 31A ('Calculation of council tax requirements by authorities in England') provides that the Council must calculate in the year the aggregate of—

“a) the expenditure which the authority estimates it will incur ... in performing its functions and will charge to a revenue account...,

b) such allowance as the authority estimates will be appropriate for contingencies in relation to amounts to be charged or credited to a revenue account ..,

c) the financial reserves which the authority estimates it will be appropriate to raise ..for meeting its estimated future expenditure,

d) such financial reserves as are sufficient to meet so much of the amount estimated by the authority to be a revenue account deficit for any earlier financial year as has not already been provided for,

da) any amounts which it estimates will be transferred ...from its general fund to its collection fund in accordance with regulations under section 97(2B) of the 1988 Act,

e) any amounts which it estimates will be transferred ...from its general fund to its collection fund in accordance with section 97(4) of the 1988 Act, and

f) any amounts which it estimates will be transferred from its general fund to its collection fund pursuant to a direction under section 98(5) of the 1988 Act and charged to a revenue account ...” (Section 31A(2))

14.4 In addition, the Council must calculate in the year the aggregate of—

“a) the income which it estimates will accrue to it... and which it will credit to a revenue account.....,

a) any amounts which it estimates will be transferred .. from its collection fund to its general fund in accordance with regulations under section 97(2A) of the 1988 Act,

b) any amounts which it estimates will be transferred.... from its collection fund to its general fund in accordance with section 97(3) of the 1988 Act,

c) any amounts which it estimates will be transferred from its collection fund to its general fund pursuant to a direction under section 98(4) of the 1988 Act and will be credited to a revenue account....., and

d) the amount of the financial reserves which the authority estimates it will use in order to provide for the items mentioned in subsection (2)(a), (b), (e) and (f) above.” (Section 31A(3))

14.5 Section 31A(4) provides that if the aggregate calculated under subsection (2) above exceeds that calculated under Section 31A(3) above, the authority must calculate the amount equal to the difference; and the amount so calculated is to be its council tax requirement for the year. This is in effect the duty to set a balanced budget.

14.6 When estimating under Section 31A(2)(a) referenced above, the authority must take into account—

a) the amount of any expenditure which it estimates it will incur in the year in making any repayments of grants or other sums paid to it by the Secretary of State, and

b) the amount of any precept issued to it for the year by a local precepting authority and the amount of any levy or special levy issued to it for the year. (section 31A(6))

However, except as provided by regulations under section 41 below or regulations under section 74 or 75 of the 1988 Act, the authority must not anticipate a precept, levy or special levy not issued. (Section 31A(7)) **The relevant council tax setting calculations for Croydon are set out in Appendix I.**

14.7 Section 30(7) provides that no amount may be set before the earlier of the following-

a) 1st March in the financial year preceding that for which the amount is set;

b) the date of the issue to the authority of the last precept capable of being issued to it (otherwise than by way of substitute) by a major precepting authority for the financial year for which the amount is set.

14.8 Furthermore, no amount may be set unless the Council has made in relation to the year the calculations required by the Act (Section 30(8)). Any purported setting of an amount, if done in contravention of subsection (7) or (8) above, shall be treated as not having occurred (Section 30(9)). Therefore, the statutory budget calculation set out in the 1992 Act must be adhered to. If not, the Council Tax resolution may be invalid and void.

14.9 Any amount to be set as Council Tax must be set before 11th March in the financial year preceding that for which it is set (i.e., before 11th March 2023), but is not invalid merely because it is set on or after that date (Section 30(6) and Section 31A (11)). The rider in Sections 30(6) and 31A(11) (“but they are not invalid merely because they are made on or after that date”) should not be seen as permission to make the calculations later, but merely as a means of limiting the scope of legal challenges to the budget if an authority breaches the duty to set the Council Tax before 11th March 2023. A delay to agreeing

the budget may also have significant financial, administrative, and legal implications.

- 14.10 Section 66 of the 1992 Act provides that the setting of the budget (and this includes the failure to set or delay in setting the budget) can be challenged by an application for judicial review, with either the Secretary of State or any other person with sufficient interest (which could include a council taxpayer) able to apply.
- 14.11 Section 52ZB ('Duty to determine whether council tax excessive') requires the Council to determine whether its relevant basic amount of council tax for a financial year is excessive. If it is excessive, then there is a duty under s.52ZF - s.52ZI to hold a referendum. Section 52ZC ('Determination of whether increase is excessive') provides that determining whether the Council Tax is excessive must be decided in accordance with a set of principles determined by the Secretary of State and approved by a resolution of the House of Commons. The Referendums Relating to Council Tax Increases (Principles)(England) Report 2023-24 sets out the principles for the financial year beginning on 1st April 2023, and for Croydon it provides that *"For 2024-25, the relevant basic amount of council tax of Croydon London Borough Council is excessive if the authority's relevant basic amount of council tax for 2024-25 is 5% (comprising 2% for expenditure on adult social care, and 3% for other expenditure), or more than 5%, greater than its relevant basic amount of council tax for 2023-24."*
- 14.12 Section 65 ('Duty to consult ratepayers') provides for the Council to consult with representatives of non-domestic ratepayers about the proposed revenue and capital expenditure before the budget requirement is calculated.
- 14.13 Section 67 ('Functions to be discharged only by authority') provides that the functions described above to set the Council Tax budget shall be discharged only by Full Council.
- 14.14** Section 25 of the Local Government Act 2003 ("LGA 2003") ('Budget calculations: report on robustness of estimates etc) provides that the Council's Chief Finance Officer must report to it on the following matters-(a) the robustness of the estimates made for the purposes of the calculations, and (b) the adequacy of the proposed financial reserves. The Council shall have regard to the report when making decisions about the budget calculations. **The views of the Director of Finance are set out in Appendix K.**
- 14.15 Section 26 LGA 2003 ('Minimum reserves') requires that when setting the budget requirement, the reserves include a minimum level for controlled reserves - this minimum level is determined by the Chief Finance Officer.
- 14.16 Section 27 LGA 2003 ('Budget calculations: report on adequacy of controlled reserve') requires that the Chief Finance Officer to report on the inadequacy

of controlled reserves - i.e., when it appears that the level of a controlled reserve is inadequate or likely to become inadequate and action required to prevent such a situation arising in the financial year under consideration. **The views of the Director of Finance on risk, revenue balances and earmarked reserves are set out in section 11 of this report.**

- 14.17 Members will be aware of the requirement to consider the Council's obligations under the Equality Act 2010 as detailed more fully in the Equalities Considerations, at Section 15 below.

Members' Common Law Duties

- 14.18 When considering the budget proposals, the Council (and its Members), as well as having a duty to ensure that the Council acts in accordance with its statutory duties, must act reasonably and must not act in breach of its fiduciary duty to its ratepayers and Council Tax payers.
- 14.19 In reaching decisions on these matters, Members are bound by the general principles of administrative law. Local authority decisions need to be rational, prudent, and made in accordance with recognised procedures. A local authority's discretion must not be abused or fettered, and all relevant considerations must be taken into account. No irrelevant considerations may be taken into account, and any decision made must be one which only a reasonable authority, properly directing itself, could have reached. The resources available to the Council must be deployed to their best advantage.
- 14.20 There is an overriding legal duty on Members to act prudently, responsibly, in a business-like manner and in the best interests of the general body of local taxpayers. In deciding upon expenditure, the Council must fairly hold a balance between recipients of the benefits of services provided by the Council and its local taxpayers. Members should note that their fiduciary duty includes consideration of future local taxpayers as well as present local taxpayers. Fiduciary duty is also likely to include acting in good faith with a view to complying with statutory duties and financial prudence in the short and long term.
- 14.21 The obligation to set a lawful balanced budget each year is shared equally by each individual Member. The budget must not include expenditure on items which would fall outside the Council's powers. Expenditure on lawful items must be prudent, and any forecasts or assumptions such as rates of interest or inflation must themselves be rational. Power to spend money must be exercised bona fide for the purpose for which they were conferred, and any ulterior motives risk a finding of illegality.
- 14.22 In determining the Council's overall budget requirement, Members are bound to have regard to the level of Council Tax necessary to sustain it. Essentially

the interests of the Council Taxpayer must be balanced against those of the various service recipients.

- 14.23 In approving the respective budget envelope, Full Council is not making decisions as to the implementation, form, or detail of service delivery. These are by law matters for the Executive. In making subsequent decision on service provision changes to achieve savings or budget reduction, the Executive must comply with statutory requirements including consultation obligation and equalities duties.

Constitution (Budget and Policy Framework Procedure Rules)

- 14.24 Under Regulations 4 (Paragraphs 9 to 11) of The Local Authority (Functions and Responsibilities) (England) Regulations 2000 the Executive is responsible for preparing and submitting to Full Council estimates of the amounts to be aggregated for the purposes of Council Tax calculations, and to undertake any reconsideration of those estimates that Full Council require. As a consequence of Section 67 Local Government Finance Act 1992, the function of making or approving the required calculations – and, in that sense, approving the budget – remains one for the Full Council itself. That function is non-delegable.
- 14.25 The Budget and Policy Framework Procedure Rules in Part 4.C of the Constitution sets out the process to be followed in developing the budget proposals. The Procedure provides for the following: a) the responsibility of the Executive for the preparation of budget proposals; b) consideration of the responses from Scrutiny and Overview Committee by the Executive in drawing up budget proposals for submission to Full Council; c) the option available to political groups to prepare an alternative or amended budget proposals and the notice and Chief Finance Officer certification requirements on any motions to amend the Executive proposals; and d) the dispute resolution process in the event that Full Council objects to the Executive budget proposals.
- 14.26 The Procedure defines the budget as: The identification and allocation of financial resources for the following financial year(s) by the Full Council including:
- Revenue Budgets;
 - Capital Budgets;
 - The Council Tax base;
 - The Council Tax level;
 - Borrowing requirements;
 - Prudential indicators;
 - The Medium-Term Financial Strategy; and
 - The level of Uncommitted Reserves.

Arrears of Council Tax and Voting

14.27 In accordance with section 106 of the 1992 Act ('Council tax and community charges: restrictions on voting'), where a payment of Council Tax that a member is liable to make has been outstanding for two months or more at the time of a meeting, the Member must disclose the fact of their arrears (though they are not required to declare the amount) and cannot vote on any of the following matters if they are the subject of consideration at a meeting: (a) Any decision relating to the administration or enforcement of Council Tax. (b) Any budget calculation required by the Local Government Finance Act 1992 underlying the setting of the Council Tax. (c) Any recommendation, resolution or other decision which might affect the making of the Annual Budget calculation. The requirement applies to all committee meeting including the meeting of Full Council and the Executive. A breach is a criminal offence.

Council tax on empty homes premiums:

14.27As detailed in the report to Mayor in Cabinet on 22 November 2023, under Section 67 of the Local Government Finance Act 1992, the function of making a determination under Section 11B in relation to long-term empty dwellings as recommended in this report, or under the new Section 11C in relation to dwellings occupied periodically as recommended in this report, must be discharged only by Full Council.

14.28If Full Council makes the recommended determination under Section 11B, notice of it must be published in at least one local newspaper before the end of a 21 day period starting with the date of the determination. Likewise, a similar notice must be published if full Council makes the recommended determination under the new Section 11C. A billing authority's first determination under the new Section 11C must be made at least one year before the beginning of the financial year to which it relates.

14.29The increases recommended to Full Council are the maximum by which Council Tax can be increased under Section 11B and the new Section 11C. Billing authorities are required to have regard to any guidance issued by the Secretary of State in exercising their functions under Section 11B and Section 11C.

Approved by: Stephen Lawrence-Orumwense Director of Legal Services and Monitoring Officer – 6th February 2024

15 EQUALITIES IMPACT

15.1 Under the Public Sector Equality Duty of Equality Act 2010, decision makers must evidence consideration of any potential impacts of proposals on groups who share the protected characteristics, before decisions are taken. This includes any decisions relating to how authorities act as employers; how they develop, evaluate and review policies; how they design, deliver and evaluate services, and also how they commission and procure services from others.

- 15.2 Section 149 of the Act requires public bodies to have due regard to the need to:
- eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Act;
 - advance equality of opportunity between people who share a protected characteristic and people who do not share it; and
 - foster good relations between people who share a protected characteristic and people who do not share it.
- 15.3 Protected characteristics defined by law are race and ethnicity, disability, sex, gender reassignment, age, sexual orientation, pregnancy and maternity, and religion or belief and marriage and Civil Partnership.
- 15.4 Having due regard means there is a requirement to consciously address the three tenets of the Equality Duty within decision-making processes. By law, assessments must contain sufficient information to enable the local authority to show it has paid 'due regard' to the equalities duties; and identified methods for mitigating or avoiding adverse impact on people sharing protected characteristics. Where a decision is likely to result in detrimental impact on any group with a protected characteristic it must be justified objectively. The Council will ensure that there is sufficient mitigation when a service has been changed so that there is no detrimental impact on service users as a result of the change.
- 15.5 The budget proposals have been assessed in line with the Council's equality impact analysis processes (EIA), as part of a risk-based approach to analyse potential equalities impact of budget proposals. Budget holders have identified where proposals are likely to have an impact on those with protected characteristics (i.e. race, sex, disability, religion or belief, sexual orientation, pregnancy and maternity, age, gender identity and marriage and civil partnership). Where necessary, the potential for mitigating measures is explored. The EIA process continues alongside the development of policy and operational changes and during their implementation.
- 15.6 The recent pressures caused by higher inflation have been considered in a number of the equality assessments. Nationally it is recognised that households have struggled with rising bills and more are reliant on support. Fuel inflation has had a particularly challenging impact over the last two years.
- 15.8 As a result, particular consideration has been given in the equality analysis to proposals which include increases in fees and charges, the proposed increase in Council Tax, and considering the responses from the budget engagement activity. Also a separate EQIA was completed in relation to fees and charges which were presented to Cabinet on 6 December 2023.
- 15.9 Intelligence from the Council Tax Support Scheme EQIA in 2023 provides the following data which highlights the equality characteristics most affected by increases:
- 31% of council tax claimants are disabled
 - in 28% of council tax claims either the claimant or partner are disabled and neither are in work
 - 85% of claimants are single
 - 16,260 of the claims made by single people are females, and

- 6,263 are from males
 - 38 active claims where the claimant or partner are in receipt of maternity pay.
- 15.10 The impact of any council tax changes will of course be mitigated either entirely or in part should a resident be eligible for an exemption from council tax or for a reduction in their council tax, e.g. from the Council's Council Tax Support Scheme. In addition, the Council is proposing through this budget to continue the additional Hardship Fund set up in 2023-24, at £0.5m in 2024-25, which has been available for households struggling to pay the extra council tax increase in 2023-24.
- 15.11 The Hardship Fund will continue to be administered in a manner that will leave flexibility for residents impacted by the council tax increase who are in extenuating circumstances including job losses, increased debts from utilities and debts in other areas such as housing costs. The eligibility for this fund is significantly different from the existing Council Tax Support Scheme and does not use the same income based criteria. This should provide support for residents affected by in work poverty.
- 15.12 Existing mitigation for residents will also remain in place (such as discounted rates for residents with disabilities, carers, as well as existing hardship schemes, such as in Housing).
- 15.13 The Council will continue to commission external independent information, advice & guidance service for residents, with a particular focus on debt management, increasing income and avoiding homelessness. Residents can also contact Croydon Council Money Advice Service for advice on paying your bills and debt worries. All advice is independent and confidential.
- 15.14 In delivering against the Executive Mayor's Business Plan, the Council will also seek to identify opportunities to improve services and work with partners and communities to minimise any adverse impacts of decisions, particularly in regard to groups that share protected characteristics. In doing so the Council will focus on another core priority to focus on providing the best quality core service we can afford, in particular social care for the most vulnerable people and providing opportunities for children and young people, along with opportunities to learn.
- 15.15 In respect of specific proposals, it is likely that some proposals may result in new policies or policy or service changes. Separate EQIAs have been prepared, where needed, and will inform the final proposal and its implementation, on a case by case basis. In addition, any decisions which need to be taken in furtherance of the budget proposals will be undertaken in accordance with the duty set out in Section 149 of the Equality Act 2010 and where appropriate further Equality Assessments will be undertaken and form part of the decision-making process.

Approved by: Helen Reeves, Interim Head of Strategy and Policy, 5/2/2024.

16 ENVIRONMENTAL IMPACT

16.1 None direct from the budget report specifically, but will be considered as part of the implementation of any of the proposals contained in this report.

17 CRIME AND DISORDER REDUCTION IMPACT

17.1 As set out in the body of the report and appendices.

18 DATA PROTECTION

18.1 None direct from the budget report specifically, but will be considered as part of implementation of any of the proposals contained in this report.

19 HUMAN RESOURCES IMPACT

19.1 The implementation of the savings proposals will, in a number of instances, have a staffing impact. The Council has a legal and policy obligation to seek to avoid compulsory redundancy, where possible. Where organisational change is proposed which impacts on structure, such as through restructures or transfers, this will be managed in accordance with the Council's policies and procedures, including consultation with those staff potentially impacted upon and their trade union representatives, and application of the Council's redeployment scheme, where appropriate.

Approved by: Dean Shoesmith, Chief People Officer, 31/1/2024.

20. SCRUTINY AND OVERVIEW COMMITTEE

20.1 The budget proposals are due to be considered by Scrutiny and Overview Committee on the 12th of February. An update on any recommendations made by the Committee will be provided to Cabinet and the Cabinet response noted.

LIST OF APPENDICES

- A Summary of the 2024 Medium-Term Financial Strategy forecast
- B General Fund Departmental and Subjective Budget summary (to follow for Budget Council)
- C General Fund growth and savings proposals
- D Transformation Programme
- E Government Grant
- F Business Rates Forecast
- G 2024-25 Croydon Tax Base

- H Empty Homes and Second Homes
- I Recommendations for Council Tax Requirement 2024-25 and Council Tax charge by Band.
- J Budget Proposals for 2024-25 – Feedback from the Public Engagement Process
- K Statement by the Director of Resources (section 151 Officer) on the robustness of the budget estimates and the adequacy of balances and reserves.
- L Directorate Financial Risks
- M Reserves Policy
- N 2024-25 Budget EQIA
- O Budget Scrutiny Report and Executive Response (to follow)

BACKGROUND DOCUMENTS

Cabinet Report - 25th October 2023

London Borough of Croydon - 2024-28 Medium Term Financial Plan

Assumes continued capitalisation directions of £38m per annum

	2024-25	2025-26	2026-27	2027-28
	£'m	£'m	£'m	£'m
Departmental and Corporate Base Budget	383.702	383.702	383.702	383.702
Demand and demographic pressures	10.717	22.292	27.232	32.369
Provision for future demand and demographic growth		2.425	11.485	20.348
Legacy budget corrections	0.806	1.306	1.806	2.306
Proposed Savings	-23.731	-30.706	-35.725	-35.751
Saving in borrowing costs from asset disposals	-6.684	-9.167	-9.947	-9.947
Future savings target beyond 2024-25 (assumes overall increase in incremental savings of £20m per annum)		-13.025	-28.006	-47.980
Provision for inflation	18.183	30.183	42.183	54.183
Net cost of borrowing (interest, MRP & investment income)	65.766	67.506	67.336	67.356
Risk/contingency provision	5.000	5.000	5.000	5.000
Economic demand pressures contingency	0.000	5.000	10.000	15.000
Council Tax Hardship fund	0.500	0.500	0.500	0.500
Transformation investment	5.000	5.000	5.000	5.000
Gross Budget Requirement	459.259	470.016	480.566	492.086
Core grant funding	-43.929	-44.368	-44.812	-45.260
Use of the capitalisation directive	-38.000	-38.000	-38.000	-38.000
Business Rates - compensation grant for under indexing the business rates multiplier	-16.063	-16.384	-16.712	-17.046
Net Budget Requirement (as per the budget book)	361.267	371.263	381.042	391.780
Financing				
<i>Government Grants:</i>				
Revenue Support Grant	-17.818	-17.996	-18.176	-18.358
<i>Croydon Resources</i>				
Business rates top-up grant	-38.146	-38.909	-39.687	-40.481
Business rates income	-43.744	-42.885	-43.743	-44.617
Council tax (4.99% increase modelled for 24/25, a 2.99% increase per annum thereafter),	-259.761	-269.459	-279.140	-289.171
Prior year collection fund surplus	-1.798	0.000	0.000	0.000
Total Financing	- 361.267	- 369.249	- 380.746	- 392.627

Budget deficit excluding new savings	- 0.000	2.015	0.296	- 0.848
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Cumulative (surplus) / deficit	- 0.000	2.015	2.311	1.464
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Summary of Departmental Budget Proposals

Savings and Change Proposals

Figures are incremental

	2024-25 £'000s	2025-26 £'000s	2026-27 £'000s	2027-28 £'000s
Children, Young People & Education	-2,972	-142	0	0
Adult Social Care & Health	-5,000	-4,000	-4,000	0
Housing	-1,989	-589	-993	0
Sustainable Communities Regeneration & Economic Recovery	-1,353	-333	0	0
Assistant Chief Executive	-4,245	-891	-26	-26
Resources	-6,672	-1,020	0	0
Corporate / Council wide	-1,500	0	0	0
Total	-23,731	-6,975	-5,019	-26

Demand Pressures

	2024-25 £'000s	2025-26 £'000s	2026-27 £'000s	2027-28 £'000s
Children, Young People & Education	0	0	0	0
Adult Social Care & Health	4,530	4,712	4,900	5,096
Housing	0	0	0	0
Sustainable Communities Regeneration & Economic Recovery	722	3,500	0	0
Assistant Chief Executive	3,708	3,324	0	0
Resources	1,686	0	0	0
Corporate / Council wide	71	39	40	41
Total	10,717	11,575	4,940	5,137

Legacy Budget Corrections

	2024-25 £'000s	2025-26 £'000s	2026-27 £'000s	2027-28 £'000s
Children, Young People & Education	0	0	0	0
Adult Social Care & Health	0	0	0	0
Housing	0	0	0	0
Sustainable Communities Regeneration & Economic Recovery	306	0	0	0
Assistant Chief Executive	0	0	0	0
Resources	500	500	500	500
Corporate / Council wide	0	0	0	0
Total	806	500	500	500

Net Budget Movement

Savings, demand pressures & legacy budget corrections	2024-25 £'000s	2025-26 £'000s	2026-27 £'000s	2027-28 £'000s
Children, Young People & Education	-2,972	-142	0	0
Adult Social Care & Health	-470	712	900	5,096
Housing	-1,989	-589	-993	0
Sustainable Communities Regeneration & Economic Recovery	-325	3,167	0	0
Assistant Chief Executive	-537	2,433	-26	-26
Resources	-4,486	-520	500	500
Corporate /Council wide	-1,429	39	40	41
Total budget change	-12,208	5,100	421	5,611

Children, Young People & Education

Savings and Change proposals

Figures are incremental

Pro-Formas	Service	Description	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
<i>Incremental/new savings identified in the 2023-24 Medium Term Financial Plan</i>						
2023 MTFS	Social Work with Children Looked After and Care Leavers	Reduce spend on Children Looked After placements	-330			
2023 MTFS	Early Years Team	Develop family hubs and introduce external funding	-1,300			
<i>Incremental/new savings identified in the 2024-25 Medium Term Financial Plan</i>						
2024-28 SAV CYPE 002	Safeguarding and Quality Assurance	Croydon Safeguarding Children Partnership back office restructure	-50			
<i>Transformation Projects</i>						
<i>Incremental/new savings identified in the 2023-24 Medium Term Financial Plan</i>						
2023 MTFS	Directorate wide	Review all joint funding arrangements across education, health and care	-250			
2023 MTFS	Social Work with Families and 0-17 Children with Disabilities	Calleydown – increasing capacity and reducing respite costs	-142	-142		
<i>Incremental/new savings identified in the 2024-25 Medium Term Financial Plan</i>						
2024-28 SAV CYPE 003	Children Looked After and care experienced young people	Review of Children Looked After placements	-900			
Total of Planned Savings			-2,972	-142	0	0

Net Budget Movement

Figures are incremental

Children, Young People & Education	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Proposed savings	-2,972	-142	0	0
Demand pressures	0	0	0	0
Net Budget Movement	-2,972	-142	0	0

Adult Social Care & Health

Savings and Change proposals

Figures are incremental

Pro-Forma	Service	Description	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Incremental/new savings identified in the 2024-25 Medium Term Financial Plan						
Transformation Projects						
2024-28 SAV ASCH 001	Departmental wide	Adult Social Care Transformation*	-5,000	-4,000	-4,000	
Total of proposed savings			-5,000	-4,000	-4,000	-

*Please note that the savings figures for 2025-26 and 2026-27 are indicative only at this stage and will be reviewed next year following completion of the diagnostic work.

Demand Pressures

Figures are incremental

Pro-Forma	Division	Description	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
New demand pressures identified in the 2024-25 Medium Term Financial Plan						
2024-28 GRO ASC 001	Departmental wide	Demographic growth	4,530	4,712	4,900	5,096
Total Demand Pressures			4,530	4,712	4,900	5,096

Net Budget Movement

Figures are incremental

Adult Social Care & Health	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Proposed savings	-5,000	-4,000	-4,000	0
Demand pressures	4,530	4,712	4,900	5,096
Net Budget Movement	-470	712	900	5,096

Housing

Savings and Change proposals

Figures are incremental

Pro-Forma	Service	Description	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000	Notes
<i>Incremental/New savings identified in the 2023-24 Medium Term Financial Plan</i>							
2023 MTFS	Emergency and Temporary Accommodation	Housing Needs restructure including Dynamic Purchasing System implementation	-625				
2023 MTFS	Emergency and Temporary Accommodation	Temporary accommodation occupancy checks	-300				
2023 MTFS	Emergency and Temporary Accommodation	Temporary accommodation case review (discretionary cases)	-450				
2023 MTFS	Emergency and Temporary Accommodation	Data cleanse & rent accounts (income collection)	-200				
2023 MTFS	Emergency and Temporary Accommodation	Repurpose general needs voids for emergency accommodation	-175	-175			
2023 MTFS	Emergency and Temporary Accommodation	Demand management	-239	-414			
<i>Incremental/New savings identified in the 2024-25 Medium Term Financial Plan</i>							
2024-28 SAV HSG 001	Emergency and Temporary Accommodation	Demand management			-653		
2024-28 SAV HSG 002	Emergency and Temporary Accommodation	Supported Housing contracts review			-240		
2024-28 SAV HSG 003	Emergency and Temporary Accommodation	No Recourse to Public Funds			-100		
Total proposed savings			-1,989	-589	-993	0	

Demand Pressures

Figures are incremental

Pro-Forma	Division	Description	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
<i>New demand pressures identified in the 2024-25 financial plan</i>						
Total demand pressures			0	0	0	0

Net Budget Movement

Figures are incremental

Housing	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Proposed savings	-1,989	-589	-993	0
Demand pressures	0	0	0	0
Net Budget Movement	-1,989	-589	-993	0

Sustainable Communities Regeneration & Economic Recovery

Savings and Change Proposals

Figures are incremental

Pro-forma	Service	Description	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
<i>Incremental/New savings identified in the 2023-24 Medium Term Financial Plan</i>						
2023 MTFS	Leisure	Redesign leisure sports development service	-45			
2023 MTFS	Planning and sustainable regeneration	The charging of a percentage of salaries in Planning and Regeneration to income sources other than General Fund eg Growth Zone, Community Infrastructure Levy and external grants		17		
2023 MTFS	Directorate wide	Realignment of one-off investment of public health grant in libraries (£0.200m) and physical activities (£0.200m). Reversal of one-off saving in 2023-24	400			
<i>Incremental/New savings identified in the 2024-25 Medium Term Financial Plan</i>						
2024-28 SAV SCRER 001	Violence Reduction Network	Community Infrastructure Levy funding substitution for CCTV	-150	-150		
2024-28 SAV SCRER 003	Spatial Planning, Growth Zone and Regeneration	Deletion of posts in Spatial Planning & Regeneration	-122			
2024-28 SAV SCRER 004	Strategic transport	Strategic Transport	-65			
2024-28 SAV SCRER 005	Employment, Skills and Economic Development	Employment, Skills and Economic Development	-60			
2024-28 SAV SCRER 007	Directorate Wide	Fees and charges		-200		
2024-28 SAV SCRER 008	Waste Collection	Charging for replacement waste containers	-30			
2024-28 SAV SCRER 009	Waste Collection	Clinical waste – remodelled service offer (sanitary/offensive waste)	-30			
<i>Transformation Projects</i>						
2023 MTFS	Building Control	Building control	-300			
2024-28 SAV SCRER 002	Highways and Parking	Fees and charges - Changes to parking policy	-951			
Total of proposed savings			-1,353	-333	0	0

Demand Pressures

Figures are incremental

Pro-Forma	Division	Description	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
<i>Incremental/new demand pressures identified in the 2023-24 Medium Term Financial Plan</i>						
2023 MTFS	Waste & Recycling	Refuse contract		2,500		
2024-28 SAV SCRER 006	Highways and Parking	Deferral of highways maintenance		1,000		
<i>Incremental/new demand pressures identified in the 2024-25 Medium Term Financial Plan</i>						
2024-28 GRO SCRER 001	Corporate Resilience	Full time apprentice for resilience and emergency planning team and increase in on call payments to volunteers for emergency response	32			
2024-28 GRO SCRER 002	Culture, Leisure & Libraries	Contract management support for large, platinum & gold level contracts	70			
2024-28 GRO SCRER 003	Independent travel	Special Education Needs Transport – Student Number Cost Driver	620			
Total of demand pressures			722	3,500	0	0

Legacy Budget Corrections

Figures are incremental

Pro-Forma	Division	Description	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
2024-28 GRO SCRER 004	Highways and Parking	Right size Highways staff recharge budget	306			
Total legacy budget corrections			306	0	0	0

Net Budget Movement

Figures are incremental

Sustainable Communities Regeneration & Economic Recovery	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Proposed savings	-1,353	-333	0	0
Demand pressures	722	3,500	0	0
Legacy budget corrections	306	0	0	0
Net Budget Movement	-325	3,167	0	0

Assistant Chief Executive

Savings and Change proposals

All figures are incremental

Pro-Forma	Service	Description	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Incremental/New savings identified in the 2024-25 Medium Term Financial Plan						
2024-28 SAV ACE 001	Directorate Wide	Fees and charges including film office income generation	-66	-26	-26	-26
2024-28 SAV ACE 002	Human Resources and Organisation Development	Human Resources - Transformation	-50	-50		
2024-28 SAV ACE 003	Strategy and Policy	Reverse Equality, Diversity and Inclusion team expansion	-50			
2024-28 SAV ACE 004	Concessionary Travel	Concessionary Fares reduced activity	-1,037	-815		
2024-28 SAV ACE 005	Strategy and Policy	Delete vacant PPP National Graduate Development Programme (NGDP) trainee post	-42			
2024-28 SAV ACE 006	Public Health	Substitution funding from Public Health Grant and Contain Outbreak Management Fund Grant	-3,000			
Total of proposed savings			-4,245	-891	-26	-26

Demand Pressures

All figures are incremental

Pro-Forma	Division	Description	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Incremental/new demand pressures identified in the 2023-24 Medium Term Financial Plan						
2023 MTFS	Concessionary Travel	Increase in the Croydon contribution to the TfL freedom pass scheme	3,708	3,324		
Total demand pressures			3,708	3,324	0	0

Net Budget Movement

Assistant Chief Executive	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Proposed Savings	-4,245	-891	-26	-26
Budget Pressures	3,708	3,324	0	0
Legacy budget corrections	0	0	0	0
Net Budget Movement	-537	2,433	-26	-26

Resources - Budget Proposals

Savings and Change proposals

All figures are incremental

Pro-Forma	Service	Description	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Incremental/new savings identified in the 2023-24 Medium Term Financial Plan						
2023 MTFS	Finance	Restructure technical support & development teams	-30			
2023 MTFS	Finance	Finance staffing review	-125			
2023 MTFS	Finance	Premier supplier commission	-100			
2023 MTFS	Commercial Investment	PMI Contract Manager - Invest to Save proposal	-79			
Incremental/new savings identified in the 2024-25 Medium Term Financial Plan						
2024-28 SAV RES 001	Property Management	Energy management, utilities cost recovery	-2,250			
2024-28 SAV RES 002	Property Management	Review of document storage	-10	-40		
2024-28 SAV RES 003	Property and Facilities Management	Review of postage and mail scanning across the Council	-30	-80		
2024-28 SAV RES 006	Procurement	Review of Procurement Team	-120	-170		
2024-28 SAV RES 007	Commercial Investment	Private Finance Initiative contracts review	-241	-520		
2024-28 SAV RES 008	Property and Legal	Review of property and resources related charges to residents	-50	-150		
2024-28 SAV RES 009	Capital delivery - Non HRA	Review departmental location of Education Capital Delivery Team	-250	-100		
2024-28 SAV RES 010	Property	Increasing advertising income from Council assets and property	-50	-100		
2024-28 SAV RES 011	Finance	Increased bailiff fee income - Council Tax and Business Rates collection	-40			
2024-28 SAV RES 012	Finance	Housing benefit subsidy transformation	-1,156	790		
2024-28 SAV RES 013	Finance	Support Services & Development Team - staffing efficiencies	-48			
2024-28 SAV RES 014	Legal	Reduce spend on external solicitors	-281			
Transformation Projects						
2023 MTFS	Finance	Housing Benefit Review	-1,312			
2024-28 SAV RES 004	Property	Corporate disposals programme	-400	-300		
2024-28 SAV RES 005	Property and Facilities Management	Review of Town Hall Campus	-100	-350		
Total of proposed savings			-6,672	-1,020	0	0

Demand Pressures

Pro-Forma	Division	Description	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
<i>Incremental/new demand pressures identified in the 2023-24 Medium Term Financial Plan</i>						
2023 MTFS	Commercial Investment	Increase in business rates payable by Croydon in line with the 2022 Rates Revaluation	750			
2023 MTFS	Insurance, Risk & Anti Fraud	Insurance Fund growth	400			
<i>Incremental/new demand pressures identified in the 2024-25 Medium Term Financial Plan</i>						
2024-28 GRO RES 001	Finance	Strategic Finance Staffing	536			
Total of Demand Pressures			1,686	0	0	0

Legacy Budget Corrections

All figures are incremental

Pro-Forma	Division	Description	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
2023 MTFS	Finance	Housing Benefit Subsidy - Loss on HB Payments with Care Package Element	500	500	500	500
Total legacy budget corrections			500	500	500	500

Net Budget Movement

Resources	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Proposed Savings	-6,672	-1,020	0	0
Demand Pressures	1,686	0	0	0
Legacy Budget Corrections	500	500	500	500
Net Budget Movement	-4,486	-520	500	500

Corporate / Council wide - Budget Proposals

Savings and Change proposals

Figures are incremental

Pro-forma	Division	Description	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
<i>Incremental/New savings identified in the 2023-24 Medium Term Financial Plan</i>						
2023 MTFS	Council wide	Customer access (council wide)	-1,500			
Total of proposed savings			-1,500	0	0	-

Demand Pressures

Figures are incremental

	Division	Description	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
<i>Incremental/new demand pressures identified in the 2023-24 Medium Term Financial Plan</i>						
2023 MTFS	Corporate Items	Increase in external levies	49	26	26	27
2023 MTFS	Corporate Items	Apprenticeship levy	22	13	14	14
Total demand pressures			71	39	40	41

Net Budget Movement

Figures are incremental

Corporate / Council Wide	2024-25	2025-26	2026-27	2027-28
	£000	£000	£000	£000
Proposed Savings	-1,500	0	0	0
Demand Pressures	71	39	40	41
Net Budget Movement	-1,429	39	40	41

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Appendix D: Transformation Projects

RAG Definition	Red – Project not on track and mitigation outside of project manager control	Amber – Project not on track, mitigation within project manager control	Green – Project on track	Blue – Project complete/closed	Project not started
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Workstream	Status	Project	Description	RAG	Budget	Benefits
Assets	Closed	Family Justice Service Review PR000067	Relocation of the Family Justice Service, into an appropriate fit for purpose location in another LBC Asset.	Blue	£0	Delivered savings of £350,000 per annum from 2023-24 Relocation of the service to allow for an asset saving.
	In Delivery	Asset Disposal and Property Transformation PR000146	Annual Assets Disposal Plan (AADP) has a target disposal value of a minimum £50m pa to support the requirements of the MTFS through the reduction in capital borrowing and annual revenue costs.	Green	£124,500	£100m capital receipts 2023-24 & 2024-25.
	Discovery Phase	Croydon Campus PR000104	To reconfigure Croydon Campus including Town Hall, BWH and Davis House introducing a Community Hub to improve customer experience	Green	£250,000	Currently in discovery phase, benefits to be determined.
		Community Hubs PR000049	The proposed Community Hub model intends to consolidate the use of libraries, to ensure they are being utilised fully and not left unused and closed for several days per week	Green	£250,000	
		CALAT PR000110	A review of the Adult Learning Service (CALAT) to determine: WHAT the future service should be, HOW it should be delivered, from WHERE, and within the umbrella of affordability.	Green	£50,000	
	Housing	Closed	Housing Benefit Review PR000000	Project closed as duplication with Phase 1 of the Housing Benefit Subsidy SEA & EA/TA review.	Blue	£0

Workstream	Status	Project	Description	RAG	Budget	Benefits
	In Delivery	Housing Needs Restructure PR000132	The project will restructure the Housing Needs and Homelessness service to ensure it is fit-for-purpose, and an efficient and effective service is provided within a reduced financial envelope.	Amber	£260,000	Indicative savings of £1.75m-£2.0m to be delivered over 2023-24 and 2024-25, from 3 projects (i.e. Housing Needs restructure, Housing Benefit subsidy and Housing Association recharges).
		Housing Benefit Subsidy Support Exempt Accommodation (SEA) & Emergency Accommodation/ Temporary Accommodation PR000059	Review SEA and establish occupation and charging principles.	Green	£0	
		Housing Association Liaison (recharges & nominations) PR000165	A Housing Liaison officer who will be focused on the governance of all relevant contracts and nomination agreements to maximise properties available to the Council to move households out of emergency and into temporary accommodation.	Green	£59,000	
		Dynamic Purchasing System (contract compliance) PR000087	The project is intended to address identified procurement compliance issue with acquisition of emergency accommodation – within a VFM framework as part of the MTFS savings.	Amber	£142,000	Improve practice Manage demand Improve efficiency Increase effectiveness.
		Data Cleanse & Rent Accounts PR000164	This project will cleanse historical and backdated rent accounts, to minimise debt and maximise income opportunities.	Amber	£26,000	Improve practice Improve efficiency Increase effectiveness.
		Not Started	Temporary Accommodation (occupancy checks) PR000163	To conduct occupancy checks in emergency and temporary accommodation. This will enable the council to carry out both welfare checks and have		£291,000

Workstream	Status	Project	Description	RAG	Budget	Benefits
			updated information on the number of households living in such accommodation.			
		Temporary Accommodation (case review) PR000161	To review circumstances of households placed in temporary accommodation on a discretionary basis and to formulate an exit plan for those to whom the Council does not owe a main housing duty.		£491,000	
		Supported Housing Review PR000166	A review of the Council's housing related contracts across the Housing and CYPE and ASC&H directorates to formalise arrangements, ensure best value and compliance, and address areas of overlap in provision.		£80,000	
ASC&H	In Delivery	Adult Social Care Transformation PR000360	Ongoing Adult Social Care improvement budget capitalisation.	Green	£1,100,000	£9.4m packages of care saving 2023-24
		ASC Reviews Capacity PR000090	Supporting the pace of stratified and statutory reviews being delivered in Adult Social Care and Health.	Green	£0	No longer Transformation funded, costs moved to social care grant fund
		S117 Project PR000070	Improved processes and procedures for meeting the Section 117 after-care needs following and Local Government Ombudsman (LGO) report.	Green	£178,000	2034 out of 2327 desktop reviews completed.
	Discovery Phase	Transitioning Commissioning Care Model PR000103	Develop pathways across Childrens and Adults to commission enabling services.	Green	£0	No longer Transformation funded, costs moved to social care grant fund.
		Intermediate Care PR000100	Establish a community reablement service.	Green	£0	No longer Transformation funded, costs moved to social care grant fund

Workstream	Status	Project	Description	RAG	Budget	Benefits
		ASCH Strategic Delivery Partner PR000349	A delivery partner to enhance the work of our managing demand programme transformation.	Green	£1,134,480	There will be no tangible benefits identified until the completion of the phase 1 diagnostic (expected circa Feb 2024).
		Outcomes Based Domiciliary Care Model PR000102	Remodel end to end process for provision of Domiciliary Care.	Green	£0	No longer Transformation funded, costs moved to social care grant fund.
CYPE	In Delivery	Sustaining Demand at the Front Door PR000078	To develop systems & processes in the front door of Children's Social Care, maximising efficiencies, multi-agency contributions to target resources to greatest effect, reducing cost of interventions & placements.	Amber	£190,000	On track to achieve £200,000 savings per annum from 2023-24
		Corporate Parenting Transformation PR000298	To deliver, implement and further improve the fostering service as reviewed in 22/23 - including the development of a digital platform for recruiting and training of foster carers.	Amber	£742,750	Aim to achieve savings of £225,000 in 2023-24 & £912,944 in 2024-25
		Joint Funding Arrangements PR000074	To review and improve joint funding arrangements and processes across children's social care, health and education.	Amber	£110,000	Aim to achieve £250,000 savings in 2024-25
		Further Development of the Locality SEND Support Model Across Early Years Settings PR000063	To ensure that more pupils are educated in the borough and in mainstream schools. To provide early support for pupils with special educational needs.	Amber	£240,000	This project will not directly deliver a general fund saving but will be an enabler for the organisation to meet the KPIs and continue to implement the strategies within the Safety Valve process.
	Discovery Phase	Calleydown Transformation PR000089	To explore the scope for expanding the physical building	Amber	£134,000	Aim to achieve savings of £142,000 in 2024-25 & £142,000 in 2025-26.

Workstream	Status	Project	Description	RAG	Budget	Benefits
			capacity of this residential home vulnerable residents.			
Service Transformation	Closed	VCS Review PR000083	As the Community Fund reaches the end of its lifecycle, a review of VCS spend across the Council to better ensure VCS spend, and ensuing outcomes sit within the financial envelope set by the MTFS.	Blue	£0	Delivered a £800,000 saving built into the 2023-34 Assistant Chief Executive budget.
		Commercial & Income Opportunities PR000093	Evaluate income and growth opportunities across identified council services.	Blue	£0	£200,000 pa increase in the Premier Supplier Programme added to MTFS budget.
		PFI Contract Manager PR000098	To recruit a Private Finance Initiative (PFI) Manager.	Blue	£0	PFI contract manager successfully recruited.
	In Delivery	Croydon Parking Policy 2023 PR000357	This project is intended to review the existing Parking Policy.	Green	£200,000	£951,000 additional income is expected in 2024-25 and in subsequent years.
		Income and Debt Portfolio PR000094	To correctly price fees and charges and improve management of demand.	Amber	£50,000	The current projects are expected to increase collected fees and charges by £3.1m over the next 3 years.
		Building Control Transformation PR000108	To transform the Building Control service, to ensure the provisions meets statutory requirements and represents value for money in the current economic climate.	Green	£450,000	Planning and Building control projects are expected to generate £300,000 in 2024-25.
		Planning Transformation PR000109	The review and revamping of the Development Management Planning Service addressing some of the long-standing operational concerns to ensure an efficient and effective value for money service is provided. Also, that service reputational concerns are addressed.	Amber	£300,000	

Workstream	Status	Project	Description	RAG	Budget	Benefits
		Community Equipment Service PR000092	Review the financial performance and sustainability of Community Equipment Service (CES) - exploring opportunities to reduce costs; grow income; evaluate options for service delivery.	Green	£234,000	Projected financial benefits from the approach profiled at approx. £3m over 7 years of a contract.
	Discovery Phase	Croydon Museum Transformation PR000068	To determine whether the current model represents the best approach to delivering services and value for money in the current financial climate.	Green	£169,600	Currently in discovery phase, benefits to be determined.
		Approach to Strategic Planning and Commissioning Transformation PR000026	To develop a new framework for policy making, strategic planning and commissioning - identifying the resources, skills, knowledge and culture we will need to deliver our Council priorities and plan.	Amber	£0	
		Passenger Special Education Needs (SEND) Transport Transformation PR000065	To review the approach to providing passenger transport to SEND children and adults - that includes consideration of personal travel plans and new commissioning approach.	Green	£100,000	
Enabling	In Delivery	Human Resources (HR) Transformation PR000052	The HR Transformation Programme is made up of a number of projects in HR to support wider elements of service improvement, culture change and financial savings.	Green	£93,000	HR redesign savings of £50,000 in 2024-25 and £50,000 in 2025-26 Restructuring of the Payroll team saving £150,000 to be realised by 31st March 2024
		Business Intelligence Review PR000007	A project that drives efficiency using Business Intelligence. <u>Workstream one</u> - data matching initiatives using the National Fraud Initiative as a guide for areas to review, to ensure the council only provides discounts and benefits to	Amber	£25,520	<u>Single Person's Discount:</u> 1911 SPDs cancelled £914,213 (additional revenue raised) <u>Freedom Passes (Disability)</u>

Workstream	Status	Project	Description	RAG	Budget	Benefits
			residents that are eligible to receive such discounts. <u>Workstream two</u> – to explore data maturity across the organisation, creating and understanding by carrying out a data / intelligence maturity review.			474 passes de-activated saving £81,528 – (Based on £172 per head (covid)) or £142,200 – (Based on potential £300 per head - pre-covid guess) <u>Freedom Passes – (Older Persons)</u> 2783 applicants reviewed 1063 evidence provided 945 accepted 113 rejected, 5 to check
	Discovery Phase	Customer Access Review PR000105	This project is to facilitate the engagement of a management consultancy company, called Methods, to deliver on a Customer Access Discovery task – this will inform next steps of the project.	Green	£200,000	Currently in discovery phase, benefits to be determined
Oracle Improvement Programme Development PR000344		Funding of resources to develop the One Oracle Programme business case	Amber	£915,000		
Digital& Resident Access Review PR000053		This project is intended to conduct a review of Digital & Resident Access to assess the service for opportunities of transformation including the structure, tools and processes used by the service.	Green	£80,000		

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Grant Forecast						
	Actual	Provisional LGFS	Final LGFS	Future Forecast		
	2023-24	2024-25	2024-25	2025-26	2026-27	2027-28
	£'m	£'m	£'m	£'m	£'m	£'m
Grants held corporately within Core Spending Power						
Improved Better Care Fund	9.978	9.978	9.978	10.078	10.179	10.280
Services Grant	2.994	0.471	0.517	0.522	0.527	0.533
New Homes Bonus	1.646	2.471	2.471	2.496	2.521	2.546
Social Care Grant	18.999	22.106	25.025	25.275	25.528	25.783
	33.617	35.026	37.991	38.371	38.755	39.142
Other Grants held corporately						
Housing Benefit Admin Grant	1.567	1.567	1.567	1.583	1.598	1.614
DSG & Education Grants held centrally	4.023	4.371	4.371	4.415	4.459	4.503
Core Grants as Per Croydon's MTFS	39.207	40.964	43.929	44.368	44.812	45.260
Revenue Support Grant	16.711	17.818	17.818	17.996	18.176	18.358
Total Corporate Grants	55.918	58.782	61.747	62.364	62.988	63.618
Grants held departmentally within Core Spending Power						
New Adult Social Care discharge fund	1.399	2.332	2.332	2.355	2.379	2.403
Market sustainability and Improvement fund	3.281	6.131	6.131	6.192	6.254	6.317
	4.680	8.463	8.463	8.548	8.633	8.719

Notes.

1. The 2024-25 grant forecasts are based on the provisional and final local government finance settlement.
2. All grants are modelled to increase by 1% per annum beyond 2024-25

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Business Rates - Forecast

	2023-24	2024-25	2025-26	2026-27	2027-28	
	£'m	£'m	£'m	£'m	£'m	
Section 31 grant for underindexing the business rates multiplier	12.419	16.063	16.384	16.712	17.046	As per NNDR1 for 2024-25 with future years uplifted by 2%
Business Rates-top-up grant	35.921	38.146	38.909	39.687	40.481	2024-25 as per the LGFS. Years thereafter uprated by an assumed 2% per annum
In-Year Business Rates Income	32.168	33.128	33.791	34.466	35.156	Croydon 30% share of business rates income collected. Estimate as per the 2024-25 NNDR1. Inflationary uplift of 2% per annum assumed for future years.
Other section 31 grants (for business rate reliefs)	10.338	8.916	9.094	9.276	9.462	Based on NNDR1 for 2024-25 with 2% future uplift
Prior Year Adjustments	-12.215	-1.818	0.000	0.000	0.000	2022-23 actual and 2023-24 forecast collection fund deficit.
Draw down from business rate reserve	12.215	3.518	0.000	0.000	0.000	Reserve c/fwd to 24-25 of £8.387m to fund prior year and smoothing adjustments .
Total - All Business Rates	90.846	97.953	98.178	100.142	102.144	

Croydon Budget Presentation

Section 31 grant for underindexing the business rates multiplier	12.419	16.063	16.384	16.712	17.046
Business Rates Income	78.427	81.890	81.794	83.430	85.098
Total	90.846	97.953	98.178	100.142	102.144

Notes:

1. This forecast is based on the NNDR1 submitted in January 2024 updated for changes to the business rates multiplier
2. Beyond 2024-25 business rates are modelled to increase by 2% (allowance for inflation)
3. The business rates system is due to be rebased from 2025-26. It is assumed to have a neutral impact

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REPORT TO:	Corporate Director of Resources – Jane West
SUBJECT:	Calculation of the Council Tax Base 2024-25, and Determination of the 2023-24 Collection Fund Deficit for Council Tax
LEAD OFFICER:	Andrew Lord – Interim Finance Consultant

1. Recommendations

- 1.1 Note that the Council Tax Support scheme is not changed from that agreed by Full Council resolution on 1st March 2023.

Delegated Approval

- 1.2 By the delegation granted to the appointed S151 Officer by the Corporate Services Committee on 7th January 2024, I determine that the 2024-25 Council Tax Base for the London Borough of Croydon be **137,040.4 Band D equivalent properties**.
- 1.3 That the forecast Council Tax Collection Fund surplus for the financial year 2023-4 is estimated to be **£2,230,000** – of which the Council's share is **£1,797,713**.

Jane West
Corporate Director of Resources (section 151 officer)

Dated 31 January 2024

2. Purpose of Report and Executive Summary

- 2.1 Section 33 of the Local Government Finance Act (2012) and the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 require the Council as the Billing Authority to calculate a Council Tax Base for its area after 30th November and before 31st January in the previous financial year and duly notify precepting authorities (the GLA) within the same timescales.
- 2.2 In calculating the tax base regard is given to the number of hereditaments (properties) existing on the taxbase at the time of determination; anticipated future changes over the course of the remaining current financial year and throughout the future financial year; impact of discounts and exemptions (either nationally determined or locally set); premia (as relating to long-term

- empty hereditaments); anticipated collection rates; and prescribed proportions of property for each Council Tax Band in relation to a standard Band D charge.
- 2.3 The annual determination of the taxbase is an “*estimate*” for the forthcoming financial year. The actual sum collected is accounted for within the Collection Fund with adjustments made to subsequent budgets for an in-year surplus, or deficit, against the ‘estimated’ taxbase.
 - 2.4 The calculations set out in the body of this report estimate a council tax base of **137,040.4 Band D equivalent** properties for 2024-25. This is a decrease of 190.5 Band D equivalents over that approved for 2023-24 and, at the £1,805.42 Band D charge approved by Croydon Council, for 2023-24, represents an adverse **movement against base budget of £0.344m** (this being prior to a Council decision on setting the 2024-25 Band D charge).
 - 2.5 The detailed tax base calculation is shown by component and individual banding in Appendix 1. The calculation is based on data provided by Croydon to the Department for Levelling-Up, Housing and Communities in the October 2023 CTB1 return with an allowance made for an increase of 2,087 in the number of new dwellings (1,798 Band D equivalents) compared to 2023-24. The underlying increase in the number of new Band D equivalents is 1.06% compared to an average increase of 1.12% for the past 5 years.
 - 2.6 Local Council Tax Support Scheme (LCTS) discounts of 17,579 are modelled for 2024-25 compared to 16,393 in 2023-24. This increase is based on trend data to the end of November 2023 and assumes that the rate of increase will reduce by 50% for the remainder of 2023-24 and for 2024-25. The income foregone, based on Band D equivalents, from the increase in LCTS discounts is estimated at £1.900m. Within this movement the caseload for the disabled not working category has increased by 554 from April 2022 to November 2023. This is of particular significance as this group of claimants are entitled to the most CTS, their average weekly CTS entitlement is £33.02 compared to £13.42 per week for income banded claimants.
 - 2.7 An estimated 2,747 dwellings are forecast to be exempt from paying council tax in 2024-25. This is an increase of 672 dwellings (32%) compared to 2023-24 and equates to an additional income loss of £1.116m. The increase is based on current data. The main causes for the upturn are an increase in exemptions applicable for students and an allowance for new exemptions regarding the new Croydon Enclave development.
 - 2.9 The Levelling-Up and Regeneration Act 2023 is enabling councils to encourage owners to bring empty properties back into use as well as raise

and retain revenue to support local services and keep Council tax down for residents. As part of the Act a local authority can, from 2024-25 onwards, charge a 100% premium on dwellings that have been unoccupied, and substantially furnished, for a period of at least 1 year. This is a reduction from the current 2- year period. Full Council will approve the necessary determination to make this change for Croydon and allowance is made within the 2024-25 Council Tax Base for a charge to 141 dwellings. The estimated additional income is £0.258m

2.10 The forecast council tax collection rate is budgeted to remain at 97.5%. This is based on current year performance and takes account of the decision, 25th October 2023 Cabinet, to reinstate the council tax recovery process for residents in receipt of council tax support.

2.11 A summary of the movement in the forecast 2024-25 tax base is set out below. The movement is based on Band D equivalents:

	Band D Equivalents
2023-24 Council Tax Base	137,230.9
Allowance for new dwellings	+1,798
Increase in Local Council Tax Support Discounts	-1,052.5
Increase in exemptions	-618.0
Other movements including Single Persons Discount	-461.0
Reduction in the 100% empty home premium to one year from 2 years.	+143.0
2024-25 Council Tax Base	137,040.4

Prior Year Collection Fund Surplus

2.9 The Local Government and Finance Act 1988 requires that all council tax income is paid into a Collection Fund, along with payments out regarding the Greater London Authority precept and a contribution towards the Council's own General Fund. Subsequent budget adjustments are made should the actual sum paid into the Collection Fund be more, or less, than the originally approved tax base.

2.10 For 2024-25 the net impact of the expected prior year adjustments is an estimated £2,230,000, of which the Croydon share is £1,797,713. This reflects the actual surplus at the close of 2022-23 with a breakeven position forecast

for the current year. This sum will be taken account of within the Council's proposed 2024-25 Budget.

Appendix 1 – Council Tax Base for 2024-25

2024/25 Council Tax Base	Disabled (no.)	Band A (no.)	Band B (no.)	Band C (no.)	Band D (no.)	Band E (no.)	Band F (no.)	Band G (no.)	Band H (no.)	Total (no.)
Dwellings as per CTB1	0	4,262	23,906	52,147	41,816	23,959	11,769	7,493	655	166,007
Allowance for new dwellings at 1.185%	0	509	513	557	322	151	13	14	8	2,087
Less Exemptions	0	-180	-538	-876	-553	-396	-128	-66	-10	-2,747
Chargeable Dwellings	0	4,591	23,881	51,828	41,585	23,714	11,654	7,441	653	165,347
Disabled Adjustments (Net)	1	23	129	107	11	-104	-39	-99	-29	0
Single-Person Discounts (25%)	0	-607	-3,276	-4,944	-2,678	-1,216	-499	-268	-13	-13,502
Other Discounts (50%)	0	-1	-6	-17	-19	-14	-15	-23	-11	-104
Family Annexe Discount	0	-4	-1	0	0	0	0	0	0	-5
Empty Dwellings 100% Premium	0	17	65	94	60	21	9	15	2	283
Empty Dwellings 100% Premium		5	23	36	40	23	9	5	0	141
Empty dwellings 200% Premium		8	50	50	34	8	8	4	0	162
Empty dwellings 300% Premium		6	18	21	51	9	0	3	0	108
Local C/Tax Reduction Scheme	0	-940	-4,874	-6,511	-3,745	-1,142	-262	-103	-2	-17,579
Net Chargeable Dwellings	1	3,099	16,009	40,664	35,338	21,299	10,865	6,975	600	134,851
Band D Equivalent	1	2,066	12,451	36,146	35,338	26,032	15,694	11,626	1,201	140,554
Collection Rate										0.975
Current taxbase forecast										137,040.4

APPENDIX H

LONDON BOROUGH OF CROYDON REPORT:	CABINET
DATE OF DECISION	22 November 2023
REPORT TITLE:	Council Tax Empty & Second Home Premiums
CORPORATE DIRECTOR / DIRECTOR:	Allister Bannin, Director of Finance (Deputy Section 151 Officer)
LEAD OFFICER:	Catherine Black, Head of Payments, Revenues, Benefits and Debt Email: catherine.black@croydon.gov.uk Telephone: 27193
LEAD MEMBER:	Councillor Jason Cummings, Cabinet Member for Finance
KEY DECISION?	No
CONTAINS EXEMPT INFORMATION?	No
WARDS AFFECTED:	N/A

1. SUMMARY OF REPORT

- 1.1 This report details the history of charging Council Tax premiums for empty properties and the current situation.
- 1.2 This report details the proposed options to change the timeframe for applying empty property premiums and the introduction of premiums on second homes.

2 RECOMMENDATIONS

For the reasons set out in the report the Executive Mayor in Cabinet is recommended:

- 2.1 To recommend to Full Council, that Full Council make the necessary determinations as billing authority under Section 11B for financial year 2024-2025 to the effect that where permitted, for dwellings that have been unoccupied and substantially unfurnished for a period of at least one year the amount of Council Tax will be increased by 100% where the period is less than 5 years, by 200% where the period

is at least 5 years but less than 10 years, and by 300% where the period is at least 10 years, and that the discount under Section 11(2)(a) shall not apply. .

- 2.2 To recommend to Full Council, that Full Council make the necessary determinations under Section 11C as billing authority for financial year 2025-2026 to the effect that where permitted, for dwellings where there is no resident of the dwelling and the dwelling is substantially furnished, the amount of Council Tax will be increased by 100%, and the discount under Section 11(2)(a) shall not apply.

3. REASONS FOR RECOMMENDATIONS

- 3.1 The long-term empty homes premium is designed to encourage more empty homes into productive use, therefore, assisting with the current housing pressure in the borough.
- 3.2 The Levelling-up and Regeneration Act 2023 is enabling councils to raise and retain additional revenue to support local services and keep Council Tax down for residents.
- 3.3 Implementing the change from 2 years to 1 would allow the council to encourage use of properties at an earlier stage and to generate greater income earlier on those properties where the owner wishes them to remain empty.
- 3.4 The second homes premium would allow the council to collect a premium on empty furnished properties which includes those that are actively being used as a second home as well as those which are vacant but furnished.

4 BACKGROUND AND DETAILS

- 4.1 The Levelling-up and Regeneration Act 2023 achieved Royal Assent on 26 October 2023. The intention of this act is to speed up the planning system, hold developers to account, cut bureaucracy, and encourage more councils to put in place plans to enable the building of new homes.
- 4.2 One of the governments measures in this act is to rebalance the housing and land markets, giving local councils the power to increase Council Tax on empty homes.
- 4.3 This act recognises the impact that high levels of second home ownership can have in some areas and will introduce a new discretionary Council Tax premium on second homes of up to 100%.
- 4.4 It will also allow councils to apply a Council Tax premium of up to 100% on homes which have been empty for longer than one year (rather than the two years currently in place).
- 4.5 The premium for second homes can only be implemented with at least 12 months' notice before the start of the financial year to which it relates, meaning the earliest the second home premium can be implemented is the 1 April 2025, providing the decision to implement the premium is taken before 1 April 2024.

- 4.6 It is worth noting that the 12-month lead time is for any initial decision to implement a second home premium. Therefore, if we choose not to implement a premium from 1st April 2025, a decision made after 1st April 2024 can only be effective from 1st April 2026.
- 4.7 The change to long term empty premium can be implemented from 1st April 2024, in accordance with S11B Local Government Finance Act 1992, which allows for a decision to be varied or revoked providing the decision is taken before the start of the financial year.
- 4.8 Both the premiums for long term empty and second homes are in respect of a “financial year” which means the premiums cannot be implemented part way through a year.
- 4.9 Data used for the October CTB1 2023 return shows 828 properties were long term empty and unfurnished between 1 and 2 years, it is likely that a high percentage of these would be for sale, rent or occupied but have not yet informed the council.
- 4.10 The October CTB1 2023 return has 367 properties listed as empty and furnished (second homes). As this would be a new scheme there is likely to be a change in these numbers as owners inform us that these properties are occupied or advertised for sale or rent.

Summary

- 4.11 The Local Government Finance Act 2012 (LGFA 2012) made provision for Local Authorities to technically reform Council Tax discounts and exemption with effect from 1st April 2013. Sections 10,11, and 12 of the LGFA 2012 contained provisions for changes that were agreed by Cabinet in December 2012, and those changes included: -
- Reducing the discount on 2nd homes to nil.
 - Class A and Class C exemption were abolished and replaced by discounts which the Council had the discretion to reduce the discount to nil.
 - Where a discount replaced a Class A exemption, and the discount was not nil, the discount could be limited to 12 months.
 - Where a discount replaced a Class C exemption, and that discount was not nil, the discount could be limited to 12 months.
 - The Council has the discretion to add a “premium” of up to 50% on long term empty properties which has been unoccupied and substantially unfurnished for more than 2 years.
- 4.12 In 2019 The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 further enabled a council to increase the premium charged for properties that have been empty and unfurnished for more than 2 years from 50% to 100%. From 2020 a further 100% premium on properties empty and unfurnished for more than 5 years was implemented increasing the premium to 200%. From 2021 a further 100% premium on properties empty and unfurnished for more than 10 years was implemented increasing the premium to 200%.

4.13 This premium applies to the property, so a change of ownership or tenancy will not affect the premium. If when purchased or leased the property has already been empty and unfurnished for two years or more, the new owner will be liable to pay the additional premium.

4.14 The Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012, describe which classes of dwellings could not be included in the reduced discounts and additional premiums, these are:-

- No premium can be added on a dwelling which is exempt (see Appendix 1 for list of exemptions)
- No premium can be added on a dwelling which is genuinely on the market for sale or letting:
- No premium can be added on a dwelling which is the sole or main residence of a member of the armed forces, who is absent from the property as a result of such service
- No premium can be added on an annex deemed unoccupied, because it is treated by the occupier of the main dwelling as part of the main dwelling.
- We provide a 6 month exemption from the premium for properties that are undergoing works to bring the property back into use.

4.15 The October CTB1 2023 return showed 400 properties are currently charged premiums which result in an additional Council Tax liability of £1,181k.

	100% Premium	200% Premium	300% Premium	Total additional liability from premiums
Number of Properties	283	81	36	400
Croydon Council Tax	£433,785	£239,305	£164,655	£837,745
Croydon adult social care precept	£59,295	£32,711	£22,507	£114,513
GLA precept	£118,568	£65,410	£45,006	£228,984
Overall Council Tax premium liability	£611,648	£337,426	£232,168	£1,181,242

Considerations & Challenges

4.16 Determining the difference between a second home, a vacant furnished property and a vacant unfurnished property has always proved complicated.

4.17 Collection of premiums is more difficult with a lower percentage collection rate. It is important to remember that in all cases this is a person's second home so there is always the option to bring the property back into use or to sell the property.

4.18 Monitoring properties that are “genuinely” for sale & those undergoing building work can pose a problem.

4.19 Although the changes to the unfurnished premium can be implemented from 1 April 2024 the Council would look to provide reasonable notice to owners, so it is important that a decision to implement these changes is made as soon as reasonably practicable and prior to the start of the financial year.

5 ALTERNATIVE OPTIONS CONSIDERED

5.1 The report relates to discretionary premiums the only two options are to implement the changes to empty premiums and second home premiums or to leave the current premiums in place.

5.2 If we were to take the option to leave things as they are currently:

- There would be less incentive for the owners of furnished empty properties to bring them into permanent use.
- The incentive for unfurnished properties to be brought into use would not take effect until a year later.
- The opportunity to collect additional income on empty properties would be reduced.

6 CONSULTATION

6.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) have confirmed that there is nothing in the LGFA 2012 that suggests Local Authorities should consult on this matter, as such a consultation is not required.

7 CONTRIBUTION TO COUNCIL PRIORITIES

7.1 The proposal contributes to the Mayors business plan outcomes 1, getting our finances right and outcome 2 a place of opportunity as detailed below.

7.2 Encouraging owners to bring properties increases the availability of housing in the borough.

7.3 Empty properties if not maintained can become in a state of disrepair and can become an eyesore on the local area

7.4 If owners decide to leave a property empty the council will be able to collect additional income to support local services and keep Council Tax down for local residents.

8. IMPLICATIONS

FINANCIAL IMPLICATIONS

8.1.1 The table below shows the annual value of the premium if all properties currently empty and unfurnished remain so. It is likely that a proportion will be brought back into use, and others will be up for sale or rent, therefore the actual number of properties that will have the premium applied will be significantly lower. It is anticipated that between 25% and 50% would have the premium applied.

	All Properties	50%	25%
Number of properties	828	414	207
Croydon Council Tax	£1,332,768	£666,384	£333,192
Croydon Adult Social Care Precept	£182,180	£91,090	£45,545
GLA precept	£364,291	£182,146	£91,073
Overall tax 2023-24	£1,879,239	£939,620	£469,810

8.1.2 The liability generated using current figures would be between £470k and £940k.

8.1.3 Below is a table showing the possible premium liability for second homes. Those empty for under and over a year have been separated as those over a year are far more likely to be liable for the premium. It is unlikely that more than 50% of those recorded as second homes for over a year and 30% of those under would end up having the premium applied.

	2 nd homes over 1 year (A)	2 nd homes over 1 year (assume 50%)	2 nd homes under 1 year (B)	2 nd homes under 1 year (assume 30%) (A + B)	Total (over 1 year 50% under 1 year 30%)
Number of properties	268	134	99	30	164
Croydon Council Tax	£404,901	£202,951	£157,066	£47,120	£250,071
GLA precept	£110,947	£55,473	£42,932	£12,879	£68,352
Overall Tax 2023-24	£572,332	£286,166	£221,468	£66,440	£352,696

8.1.4 Comments approved by Lesley Shields, Head of Finance for Assistant Chief Executive and Resources on behalf of the Director of Finance. 09/11/23 8.2

LEGAL IMPLICATIONS

8.2.1 Under Section 67 of the Local Government Finance Act 1992, the function of making a determination under Section 11B in relation to long-term empty dwellings as recommended in this report, or under the new Section 11C in relation to dwellings occupied periodically as recommended in this report, must be discharged only by Full Council.

8.2.2 If Full Council makes the recommended determination under Section 11B, notice of it must be published in at least one local newspaper before the end of a 21 day period starting with the date of the determination. Likewise, a similar notice must be published if full Council makes the recommended determination under the new Section 11C. A billing authority's first determination under the new Section 11C must be made at least one year before the beginning of the financial year to which it relates.

8.2.3 The increases proposed in this report are the maximum by which Council Tax can be increased under Section 11B and the new Section 11C. Billing authorities are required to have regard to any guidance issued by the Secretary of State in exercising their functions under Section 11B and Section 11C.

Comments approved by the Head of Litigation & Corporate Law on behalf of the Director of Legal Services and Monitoring Officer. (Date 7/11/2023)

8.3 EQUALITIES IMPLICATIONS

8.3.1 The Council has a statutory duty, when exercising its functions, to comply with the provisions set out in the Sec 149 Equality Act 2010. The Council must, in the performance of its functions, therefore have due regard to: eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act; advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

8.3.2 Given the nature of empty properties, it is hard to capture any diversity data of the owners. Properties could be empty for a range of different reasons, ranging from owner's death to property being own by charities and has been left empty. It is clear from the EQIA that the Council only has information about the owner's name and address and is in no position to collect any further data. For this reason, the EQIA is unable to provide any information about the likely impact on any groups due to lack of data.

8.3.3 Comments by Naseer Ahmad for the Equalities Manager. (13/11/2023)

9. APPENDICES

Appendix 1 - Unoccupied Property Exemptions

10. BACKGROUND DOCUMENT

10.1 N/A

11. URGENCY

11.1 N/A

Appendix 1 - Unoccupied Property Exemptions

Below is a list of empty property exemptions. If these exemptions are relevant to a property the premium is not applied:

- the owner or tenant has died
- the owner or tenant is in prison
- the owner or tenant is a long-term hospital in-patient
- the owner or tenant lives in a nursing home, care home or certain type of hostel
- the owner is a student in the UK who is living elsewhere for their studies
- the owner has been made bankrupt and the property is in the hands of the trustees in bankruptcy
- the owner or tenant has moved out in order to provide personal care for another person or to receive personal care themselves
- it is a self-contained unit that forms part of a larger property and the occupier is a dependent relative of the person living in the other part of the property
- the property is an annex that cannot be let separately from the main property because of planning restrictions
- the property is an empty caravan pitch or houseboat mooring
- occupation of the property is prohibited by law
- the property is in the hands of the executor or administrator of the estate (either probate has yet to be granted or it is less than six months since probate was granted)
- the property has been repossessed by the mortgage lender
- the property is owned by a charity and has been empty for less than six months

RECOMMENDATIONS FOR COUNCIL TAX REQUIREMENT 2024-25

(SUBJECT TO CONFIRMATION OF THE GLA BUDGET PROPOSALS)

The Cabinet has considered a report in respect of the level of Council Tax for 2024-25 and the setting of the Council's Revenue and Capital Budgets for the forthcoming financial year. In summary the Cabinet recommends for 2024-25 a Band D charge of £1,895.51 for the Croydon element of Council Tax:

	2023-24	2024-25	Increase	Percentage increase
Council Tax	£1,588.31	£1,642.29	£53.98	2.99% of the 2023-24 charge of £1,805.42
Adult Social Care levy	£217.11	£253.22	£36.11	2.0% of the 2023-24 charge of £1,805.42
Total Croydon Element	£1,805.42	£1,895.51	£90.09	4.99%
Greater London Authority Precept	£434.14	£471.40	£37.26	8.58%
Overall Band D Charge	£2,239.56	£2,366.91	£127.35	5.69%

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

- (1) Approve the 2024-25 net budget requirement of £361,267,000.
- (2) Approve the 2024-25 Council Tax Requirement of £259,761,449.

Appendix I

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)		TBC*	
(i)	expenditure on Croydon's services, local precepts and levies			
(ii)	allowance for contingencies		5,000	
(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	TBC *
(B)	<i>Less</i> Income and other credit items (in Section 31A(3) (a) to (d) of the Act)		TBC*	
(i)	Income from services			
(ii)	Transfer to the General Fund from the Collection Fund in respect of prior year surplus on the Collection Fund,	1,798		
(iii)	Income from Government Capitalisation	38,000		
	Core Grants	43,929		
	Business Rates Top Up Grant	38,146		
	Business Rates Income	40,226		
	Revenue Support Grant	17,818		
(iv)	transfer from Earmarked Reserves	3,518	183,435	TBC
(C)	<i>Equals</i> 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)			259,761
Calculation of basic amount of council tax				
(C)	Council Tax Requirement			259,761
(D)	<i>Divided by</i> The Council's Tax base			137,040.40
(E)	<i>Equals</i> 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)			1,895.51

* The exact figure is

£259,761,449.

* TBC – Will be confirmed for Budget Council.

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

Council Tax for Croydon for 2024-25	
Band A	6/9 x £1,895.51 = £1,263.67
Band B	7/9 x £1,895.51 = £1,474.29
Band C	8/9 x £1,895.51 = £1,684.89
Band D	9/9 x £1,895.51 = £1,895.51
Band E	11/9 x £1,895.51 = £2,316.73
Band F	13/9 x £1,895.51 = £2,737.96
Band G	15/9 x £1,895.51 = £3,159.18
Band H	18/9 x £1,895.51 = £3,791.02

(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”))

GLA Precept For 2024-25	
Band A	314.27
Band B	366.64
Band C	419.02
Band D	471.40
Band E	576.16
Band F	680.91
Band G	785.67
Band H	942.80

(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 2024-25 for each of the categories of dwellings shown below:-

Total Council Tax For 2024-25	
Band A	1,577.94
Band B	1,840.93
Band C	2,103.91
Band D	2,366.91
Band E	2,892.89
Band F	3,418.87
Band G	3,944.85
Band H	4,733.82

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Have your say on Croydon's budget proposals 2024-25

Feedback from public survey

5 January 2024

Executive Summary

This report summarises the responses received to the budget 2024-25 proposals survey. The survey was launched following the approval of the 2024-25 budget update, Medium Term Financial Strategy and savings proposals at Cabinet on 25 October 2023.

939 responses were received to the survey which ran between 6 November and 11 December 2023.

The survey suggested that respondents gave greatest priority to support for elderly and vulnerable residents, services for children young people, families and education, and rubbish and recycling collections. The lowest ranked service areas, according to respondents, were libraries and culture and leisure and sports facilities.

In answering how the budget proposals will affect them, the key themes of concern were (number of responses is shown in brackets):

1. Increase in council tax (248)
2. Cost of living (50)
3. Service cuts and reductions (38)

When asked where the council should be looking for external funding, safer communities, improving town and district centres and cleaner streets received the strongest support.

When asked if respondents had any further comments on the proposals, the largest group of responses were about council tax.

In addition to the survey, a small engagement session was run with young people aged between 11 and 22 as part of 'Croydon Superstars', the council's Special Educational Needs and Disabilities (SEND) Youth Participation Forum. From the two activities, greatest priority was given to keeping the streets safe and clean, housing services and services for children, young people, families and education. The lowest ranked services were parks and open spaces and libraries and culture. Full details of the feedback from this session are included in the appendix.

Engagement methodology

Following the cabinet meeting on 25 October 2023 the council launched a six-week budget engagement to seek feedback on the proposals.

A survey was available on the council's resident engagement platform, [Get Involved](#), and widely promoted across council channels and accessible from the front page of the council's website.

The survey design was similar to previous budget engagement surveys used in recent years.

Questions utilised different response structures, with some seeking to understand agreement/disagreement and others having free text responses for people to provide any comments or feedback. The survey was designed to be relatively short in order to maximise the response and completion rate.

Councillors, partners and community groups were encouraged to spread the word and share the survey with their communities. We advised that paper copies/easy read and alternate language versions were available if required. This was also communicated to key partners and councillors to support any residents unable to access digital channels.

The survey was promoted through all council channels throughout the engagement. This included:

- Press release
- Your Croydon weekly e-bulletin
- Business e-bulletin
- Mayor's weekly message and Chief Executive's staff message
- Social media posts (Twitter, Facebook and Instagram)
- Staff webinar ahead of the survey launch
- Intranet article
- Our Croydon e-newsletter
- Communications in libraries and children's centres - library staff briefed to support residents and print out copies of the budget engagement if required
- Email to 390 community and voluntary contacts via the council's VCS team
- Faith leaders
- All councillor emails
- Shared with Croydon Youth Assembly and SEND Youth Participation Forum
- Facebook post shared with local groups
- Contact centre available to take residents views over the phone if required.

Following a mid-point review of the demographics of respondents a further email was sent to community groups including Croydon's BME Forum and Asian Resource Centre of Croydon (ARCC) encouraging them to promote the survey and encourage residents to take part.

As part of the exercise and to give residents more opportunity to hear about the plans and have their say, the Executive Mayor of Croydon ran a webinar on 11 December. Residents were invited to join and ask questions either in advance or live at the session. The webinar was promoted via a press release, Your Croydon weekly and social media.

Analysis of responses

934 responses were received to the survey which ran between 6 November 2023 and 19 December 2023.

In addition to the specific engagement questions, respondents were asked to provide responses to equality and diversity questions to provide a breakdown of the responses compared to the borough profile.

The response rate for people aged 16 – 19 and 20 - 24 was lower than other age groups. This is, however, similar to other engagement surveys both in Croydon and other areas. Other age groups were well represented.

In response to the low response rate from young people, Croydon's SEND Youth Participation Forum carried out two tasks with a small group to engage them on the budget survey. The results from this activity can be found in the appendix.

Respondents came from a wide range of ethnic groups, although no weighting has been applied to the results. The largest response group identified as White English/Welsh/Scottish/Northern Irish/British (67.3%). This is higher than the borough profile from the 2021 Census, where 48.4% of the population identified as White.

Global Majority groups were underrepresented in the response rate compared to the Census 2021 profile for Croydon.

12.3% of respondents identified as having a disability. This is slightly below the boroughwide level identified in the 2021 Census of 14%.

In relation to faith, the largest groups of respondents were those that identify as Christian (42.8%) which is very similar to the Census 2021 level. The response rate for those identifying as Muslim was lower than the borough profile.

In relation to sex, the proportion of respondents identifying as female was very similar to the borough profile. Male respondents were slightly underrepresented compared to the borough profile.

In relation to partnership status, 46.9% of respondents were married. This is an over representation compared to the 2021 Census profile, where 32.8% were married.

There was a slightly lower response rate from those in a registered civil partnership compared to the borough profile.

Full details of the response rates by demographics are provided in the appendix.

The remainder of this report provides a summary of the results and analysis of the feedback. Analysis is provided against each question of the survey.

Analysis

Question 1: The council spends £300m a year providing hundreds of local services to 390,800 people. Please rank these services in order of importance to you, with 1 being the most important and 9 being the least important:

There were 914 responses to this question.

The table and chart below show how the services were prioritised according to the average ranking given by respondents.

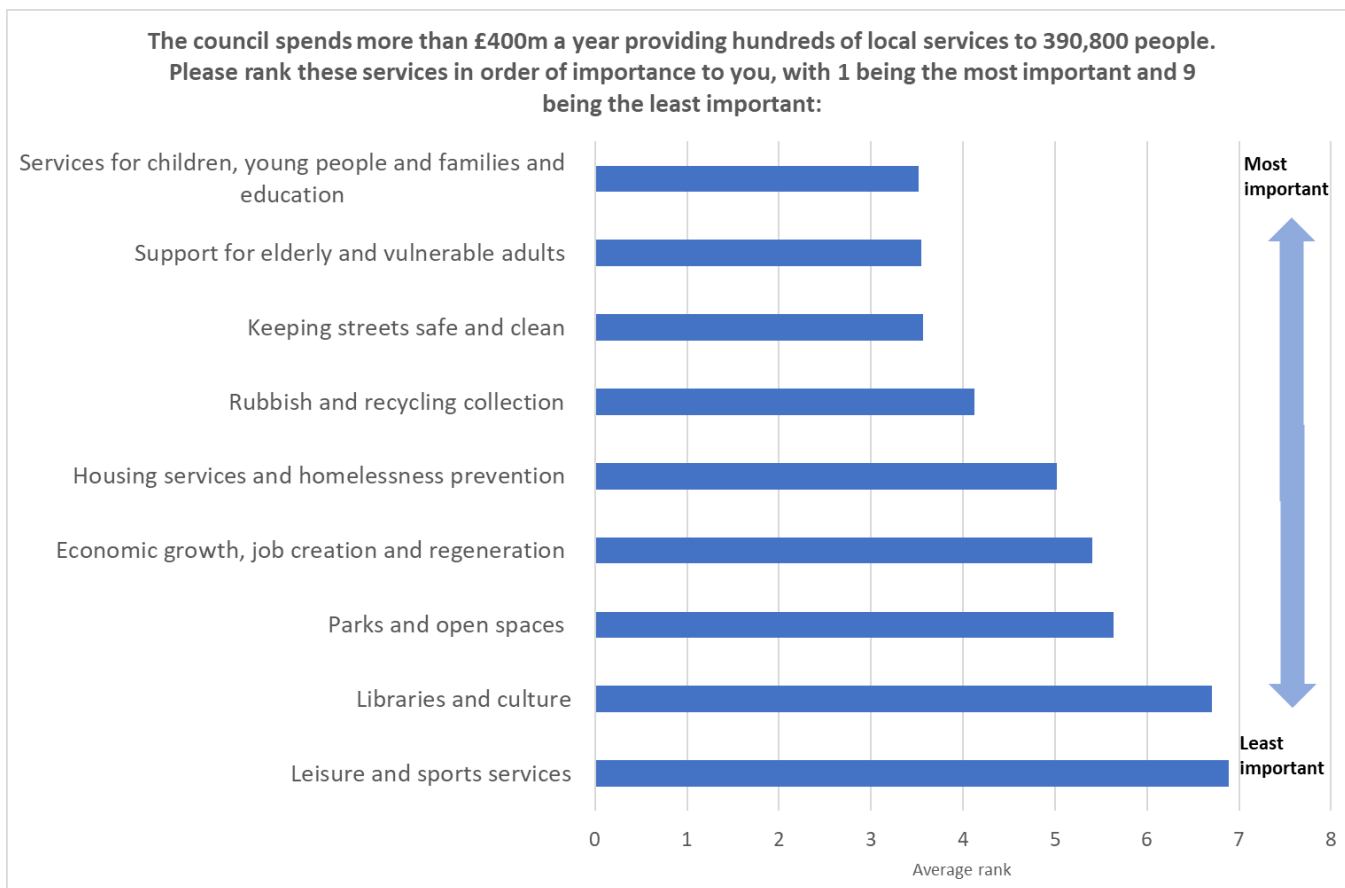
The two largest services, by budget, were ranked first and second in the order of priority: support for elderly and vulnerable adults (adult social care) and services for children, young people, families and education (children, young people and education). These were followed by keeping streets safe and clean which received a very similar average rank.

Libraries and culture and leisure and sport facilities received the lowest average rank.

The Mode ranking is also provided - showing the most common ranking provided. This can be useful where averages sometimes mask variation in scoring.

For example, although economic growth had an average rank of 5.41, placing it above parks and open spaces in the priority order, the most common rank was actually nine. The most common rank for parks and open spaces, however, was seven.

Order of priority	Service	Average rank	Mode (most common rank)
1 (most important)	Children, young people, families and education	3.52	1
2	Support for elderly and vulnerable adults	3.55	1
3	Keeping streets safe and clean	3.57	1
4	Rubbish and recycling collection	4.12	3
5	Housing services and homelessness prevention	5.02	5
6	Economic growth, job creation and regeneration	5.41	9
7	Parks and open spaces	5.64	7
8	Libraries and culture	6.71	9
9 (least important)	Leisure and sports services	6.89	8



Question 2: The council is doing all it can to help to balance its budget - you can read more about our proposals here. Do you think our budget proposals will impact you and if so how?

As part of the budget engagement, we wanted to understand if residents felt that the budget proposals would impact them and how. In reviewing these responses they have been themed, for example, some respondents suggested that an increase in Council Tax would have a financial impact on them.

649 people responded to this question:

The table below provides a breakdown of the key proposals that were identified by respondents as having an impact. The table shows the top five/six themes mentioned.

Theme (number of responses)	Description
Council Tax (248)	The respondents mentioned last year's increase in council tax and concern about further increases.
Cost of living (50)	Respondents were worried about changes impacting their own finances at a time of an increased cost of living and other financial pressures facing households.
Service cuts and reductions (38)	The respondents were worried that any cuts to, or reduction in services might affect them. These covered multiple budget proposals and/or included general statements about service reductions.
Safety (32)	The respondents mentioned that street safety was a concern.
Cleanliness and maintenance (27)	The respondents indicated that the budget proposals may impact the cleanliness and maintenance of the streets.
Town centre and regeneration (13)	The town centre and regeneration were mentioned including the decline of the town centre, lack of shops and increase in antisocial behaviour.

Other comments included the council's financial collapse in 2020, housing services and building new homes.

In addition to the numerical analysis, a sampling of the responses is provided for context.

Examples of responses:

"...I have also rented in the borough since 2014 and have felt the considerable burden of increasing rent alongside increase of council tax and other essential household bills."

"It will cost me more money when the cost of living is already having a serious negative impact."

“If money is taken from street cleaning and environment as a Street Champion this will mean more work clearing litter.”

Question 3: Do you have any further comments on our proposals?

Within the engagement survey we wanted to give respondents every opportunity to give their feedback, and not be limited to only closed choice questions.

Respondents were therefore invited to provide any further comments through a free text format. 487 respondents provided comments. To analyse these comments they have been themed. As this was a free text response, there was significant variety in the comments.

The table below provides a breakdown of the top five key themes raised by respondents.

Theme (number of responses)	Description
Council Tax (64)	The respondents mentioned last year’s increase in council tax and concern about further increases.
Clean streets / safety (50)	The respondents indicated that safety in Croydon should be considered when discussing budget proposals. Responses also included concerns about street/town centre/neighbourhood cleanliness
Services for children and young people (27)	Responses mentioned the importance of investing more in services for children and young people.
Council / staff (21)	The respondents indicated themes around pay, staff numbers and use of consultants/agency staff.
Debt (17)	Respondents indicated that the cost of the debt sustained by the council as an important issue to resolve, with some feeling that the borrowing costs were unsustainable and should not be passed onto residents. Comments also included the Council seeking more support from central government.

Other comments included needing more affordable housing, parking and support for the vulnerable.

In addition to the numerical analysis, a sampling of the responses is provided for context.

Examples of responses:

“Croydon residents took a huge hit last year with 10% increase on Council Tax, expectations this year would be a reduction on cap to national average.”

“Please do something about rubbish collection, current service is very poor, quite often bins are left anywhere on footway or street after collection, sometimes rubbish are left over on roads as well.”

“Children and young people needs are often put bottom of the list, specially children with SEND. Can this be a little higher priority next year?”

Question 4: If the council has opportunities to bid for external funding to invest in any of the following areas, to what extent would you support or not support each of the following?

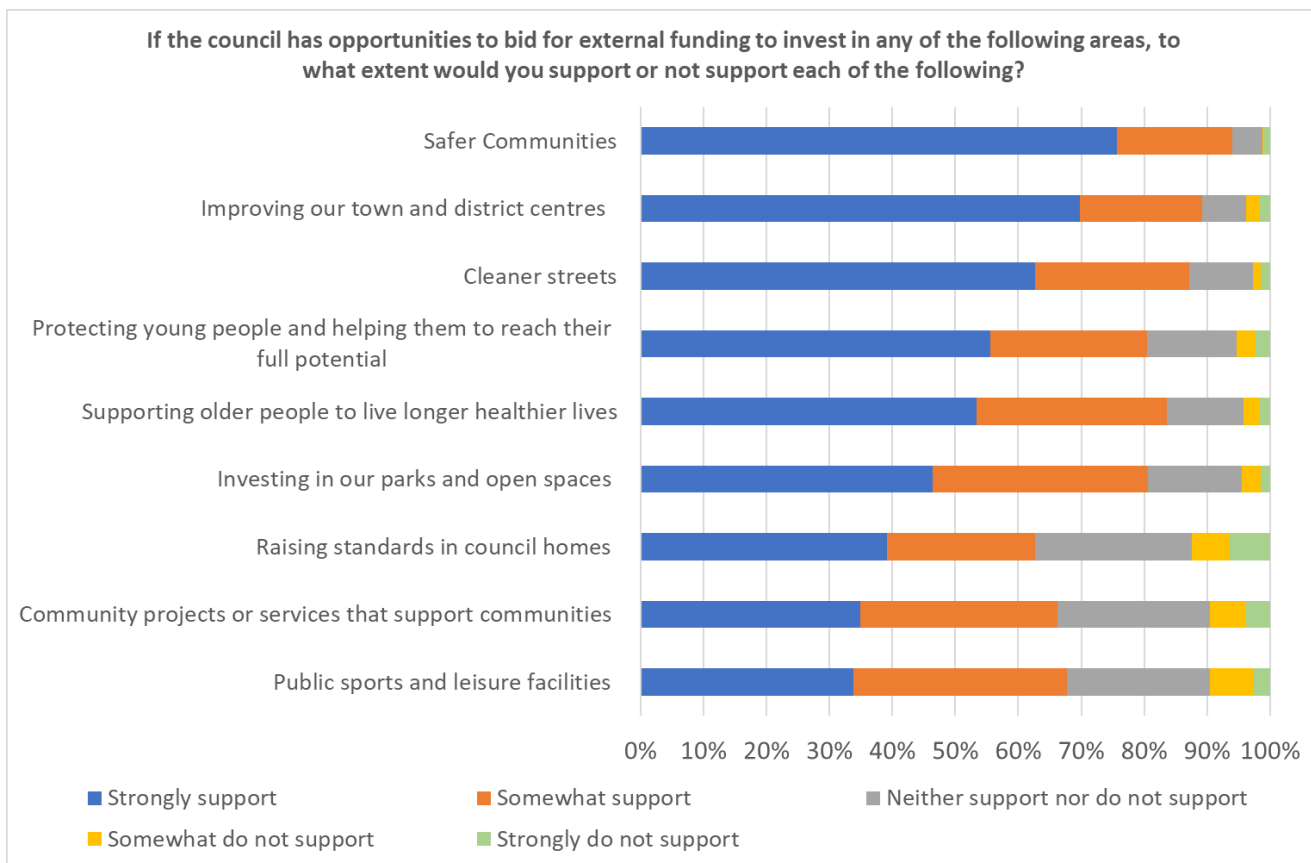
The Mayor's Business Plan has emphasised the importance of working in partnership, and supporting these partnerships to secure external funding and investment into Croydon. The budget engagement survey therefore sought to understand where respondents would prioritise external funding against different service areas. Against each area, respondents were asked to state how much they would support, or not support, investment.

923 responses were provided to this question.

A 5-point scale was used for the responses, with respondents indicating how strongly they agreed or disagreed.

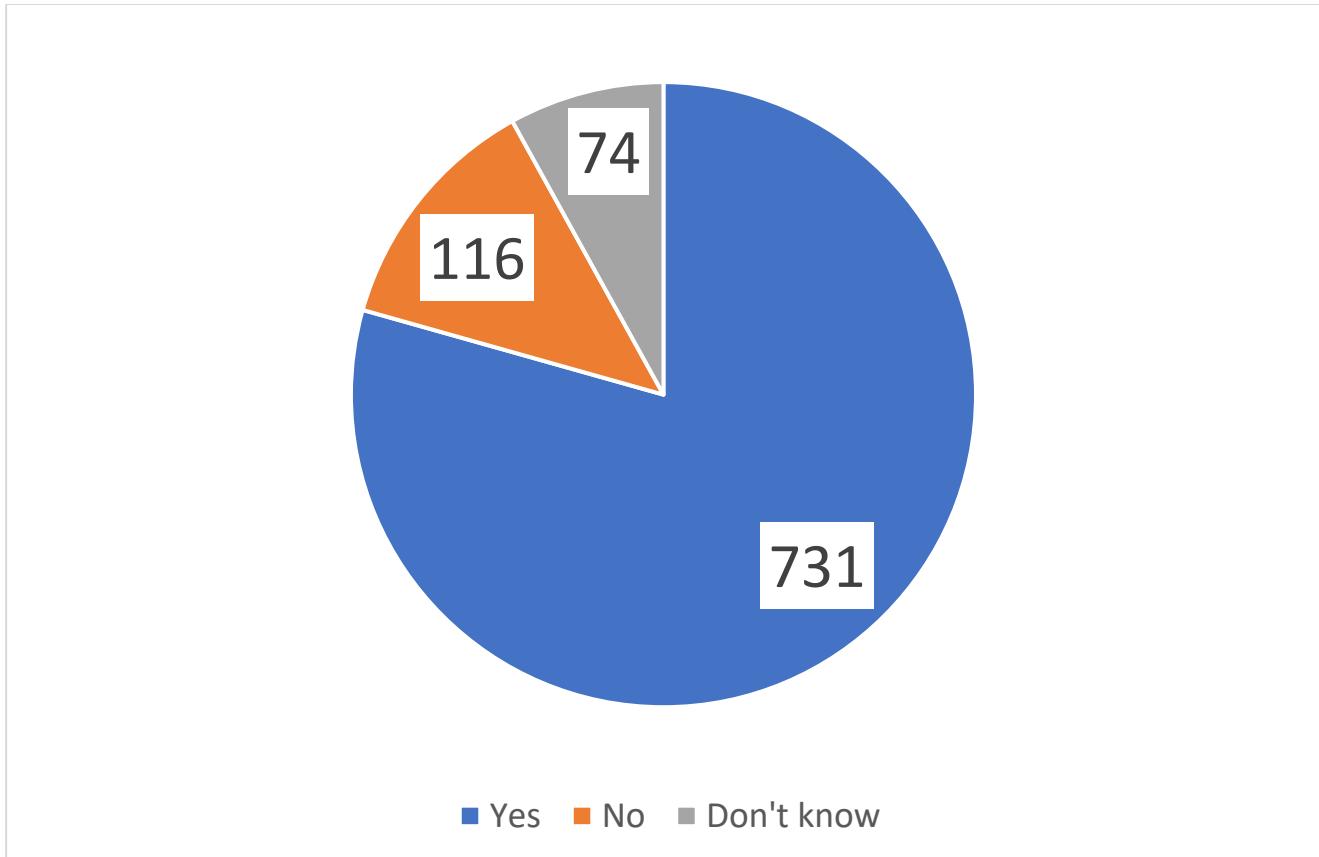
The table below summarises the responses. All areas received support for external funding being invested.

Investment areas	Strongly support and somewhat support	Strongly do not support and somewhat do not support
Safer Communities	94.05	1.21
Improving our town and district centres	89.17	3.87
Cleaner streets	87.10	2.73
Supporting older people to live longer healthier lives	83.59	4.27
Investing in our parks and open spaces	80.66	4.51
Protecting young people and helping them to reach their full potential	80.44	5.36
Public sports and leisure facilities	67.77	9.57
Community projects or services that support communities	66.19	9.58
Raising standards in council homes	62.62	12.46



Question 5: Last year the Executive Mayor of Croydon pledged that the council would not increase council tax above the cap set by the government in future years. Do you agree with this approach?

921 responses were received to this question with 731 out of 921 (79.3%) of respondents agreeing with the Executive Mayor of Croydon's approach of not increasing council tax above the cap set by the Government in future years.



Question 6: Is there anything that we currently spend money on that you think we should not, or anything that you think we could do differently?

As part of the engagement survey, it was important that respondents were not limited to only comment on the budget proposals that had been identified in the Cabinet report. This question sought general feedback on any areas that the council should consider future expenditure on. The response format was a free text answer.

There were 594 comments responses and a wide range of reactions to the spending decisions of the council.

Similar to other free text answers, these responses were reviewed and themed according to the response. The top five themes are listed below.

Theme (number of responses)	Description
Council / staff / councillors / governance (112)	The respondents indicated themes around pay for staff, members and councillors, staff numbers and the use of consultants/agency staff and governance.
Council tax (108)	The respondents mentioned last year's increase in council tax and concern about further increases.
Clean streets / safety (98)	The respondents indicated that safety in Croydon should be considered when considering budget proposals. Respondents highlighted concerns about safety and cleanliness in streets / town centre / neighbourhoods.
Town centre and regeneration(44)	The respondents indicated the importance of investment in town centre and regeneration were mentioned including the decline of the town centre, lack of shops and increase in antisocial behaviour.
Housing and new homes (50)	Respondents indicated that there should be more investment in housing services and building new homes.

Other responses included Borough of Culture, parking and parks.

Examples of responses:

“Stop spending money on temporary staff and retain the staff with knowledge...”

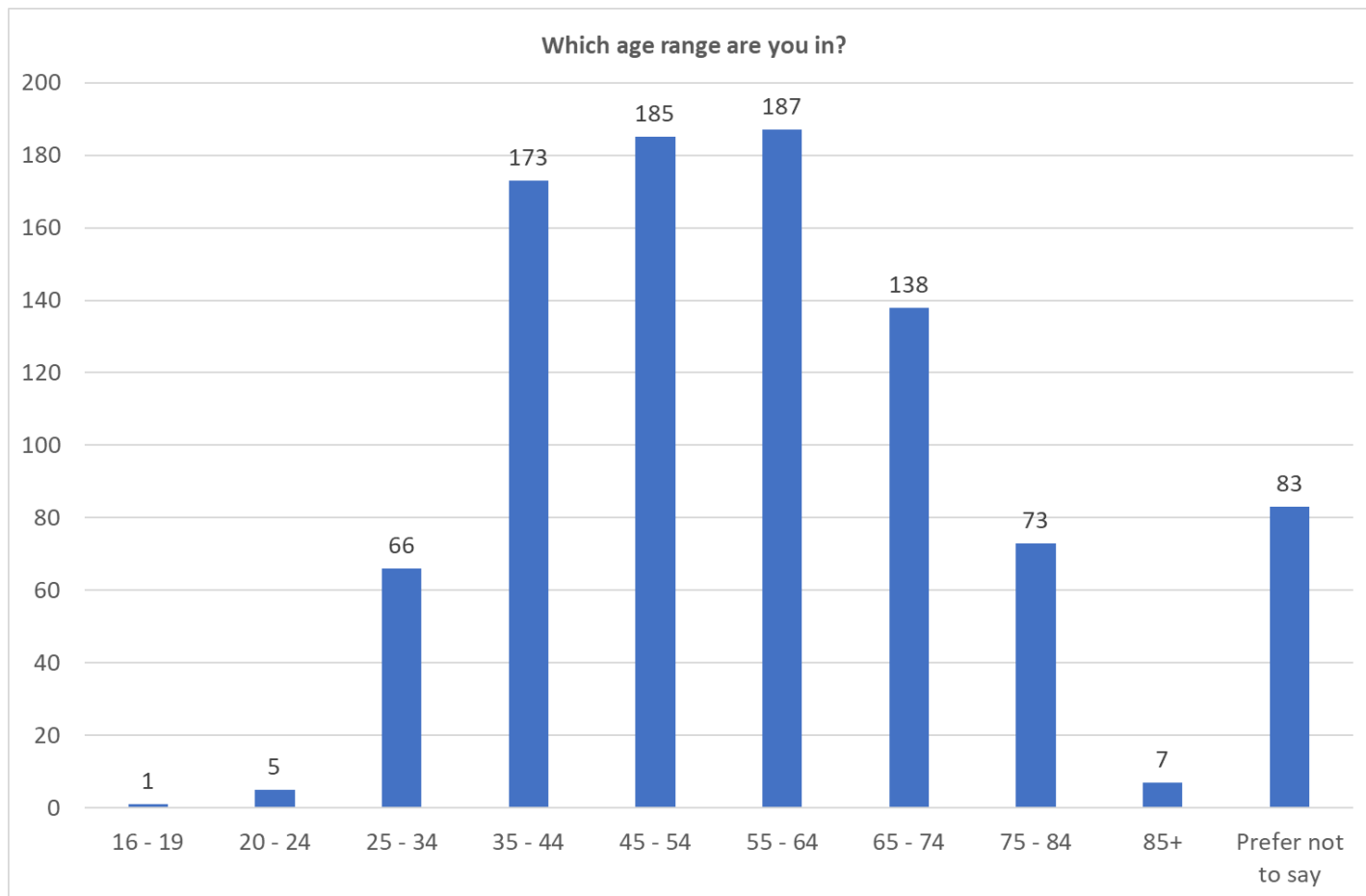
“We should spend more money making the borough safer and more attractive to visitors, investors and working residents who will pay council tax. I think that Council tax could be increased by a small percentage. I think people would be willing to pay this if the money was spent on things they could see such as well maintained parks and open spaces, a greater police presence, improved sports and leisure facilities and cleaner and safer streets.”

“Make the streets and town centres look nice and investors/business will follow.”

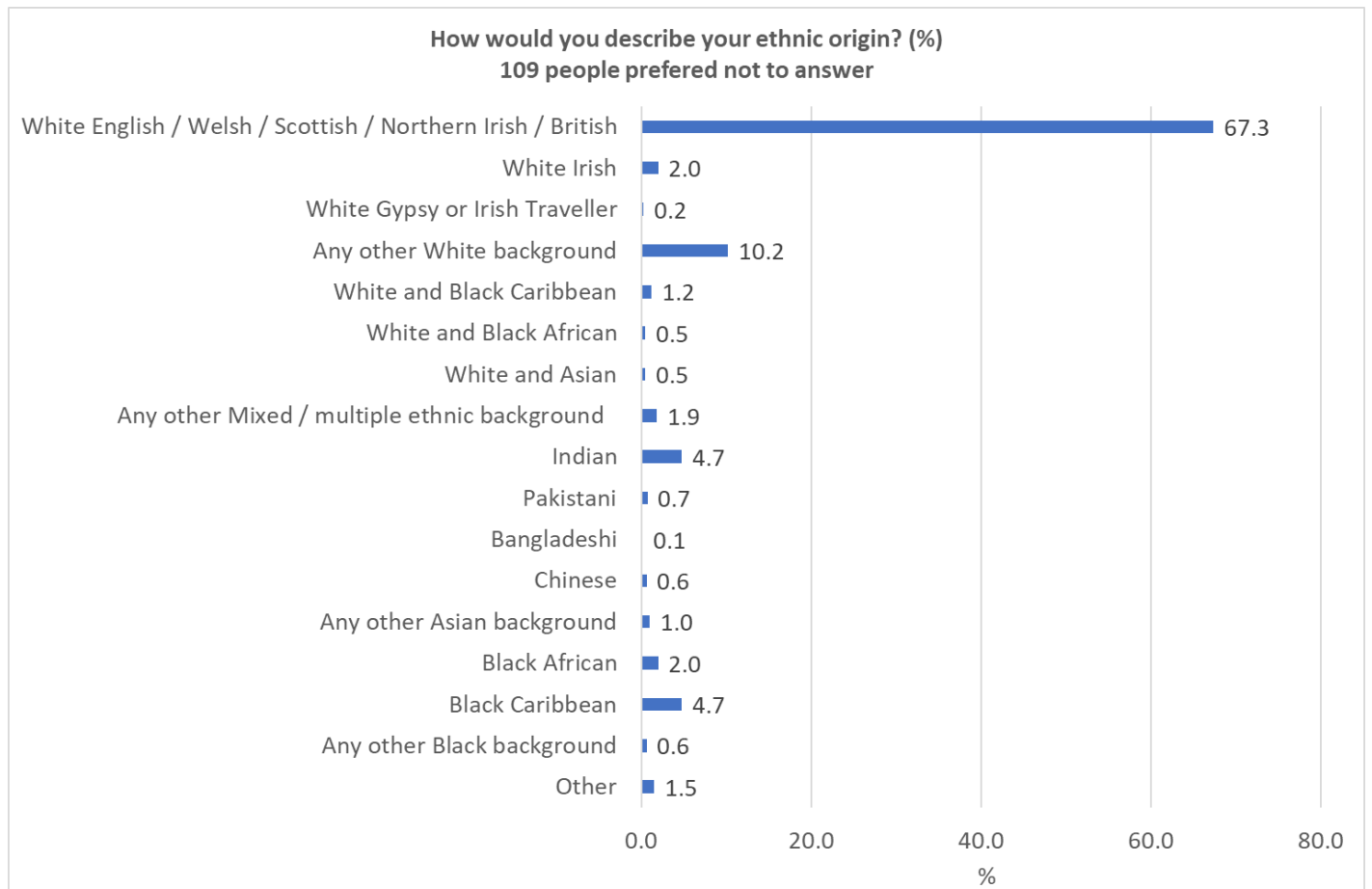
“Rather than steeply raising Council Tax during a cost of living crises, the emphasis should be on restoring adequate central government funding and support. “

Appendix - Demographic analysis

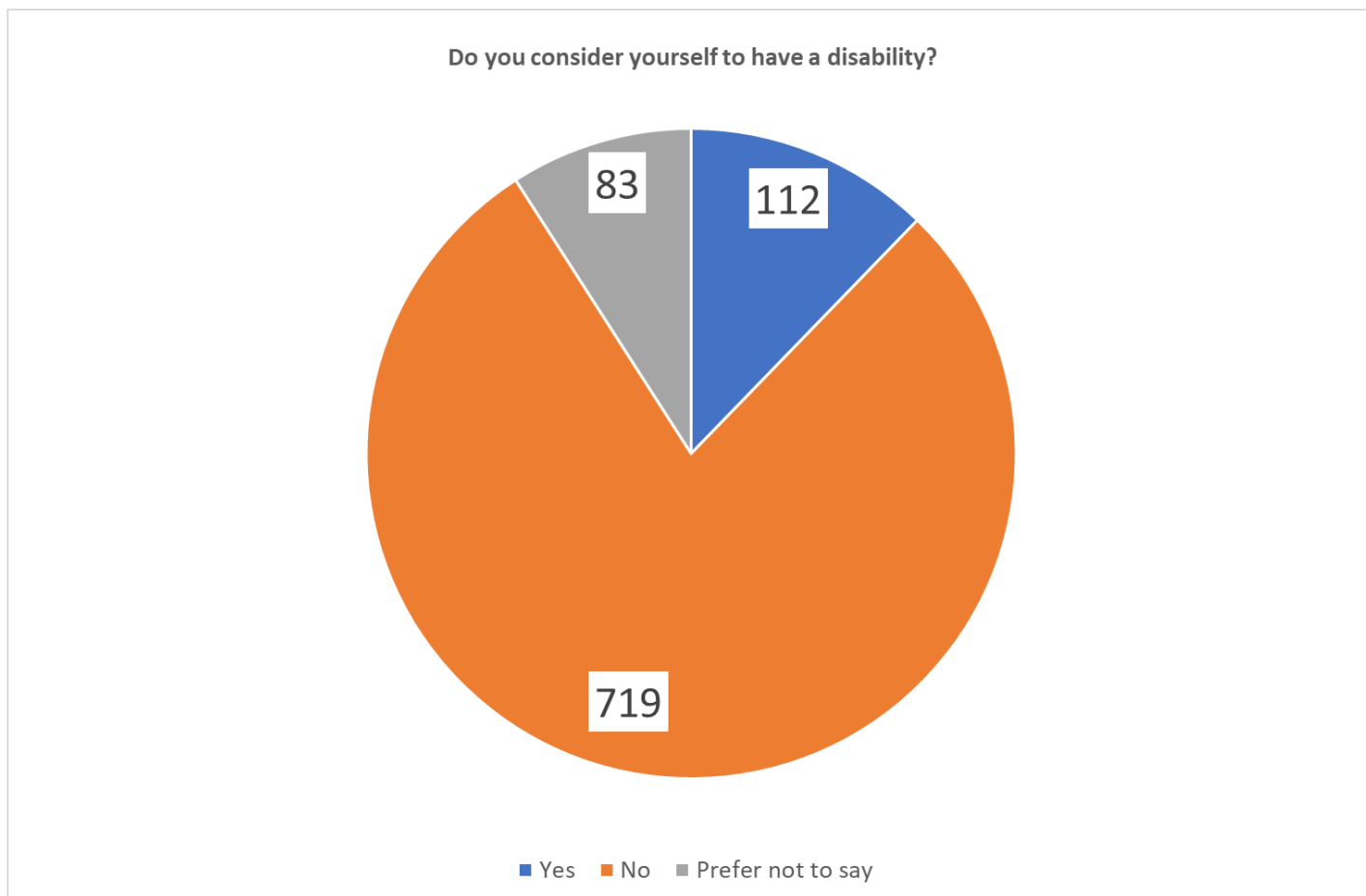
Which age range are you in?



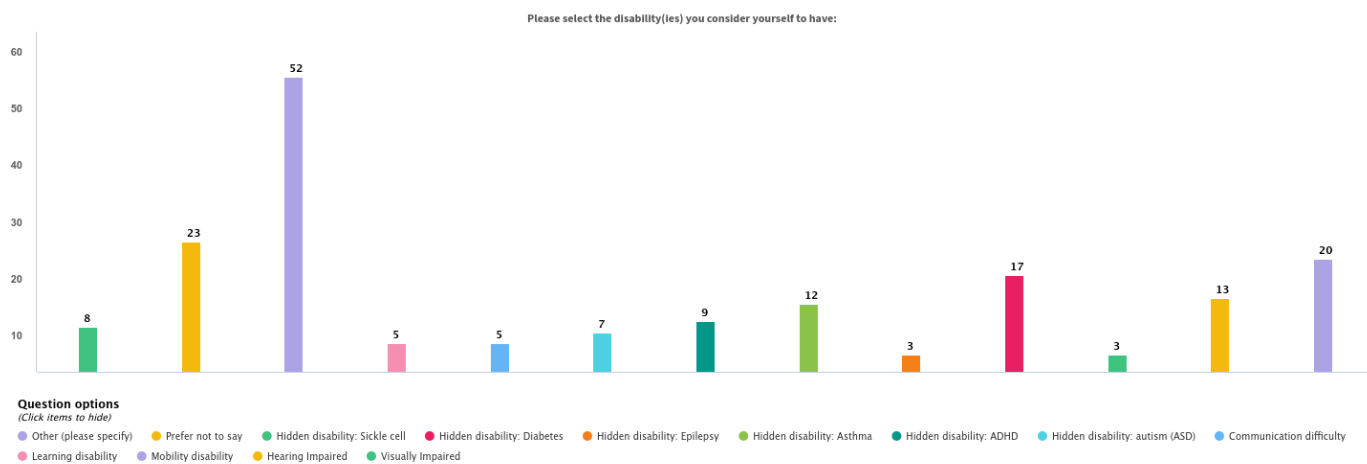
How would you describe your ethnic group?



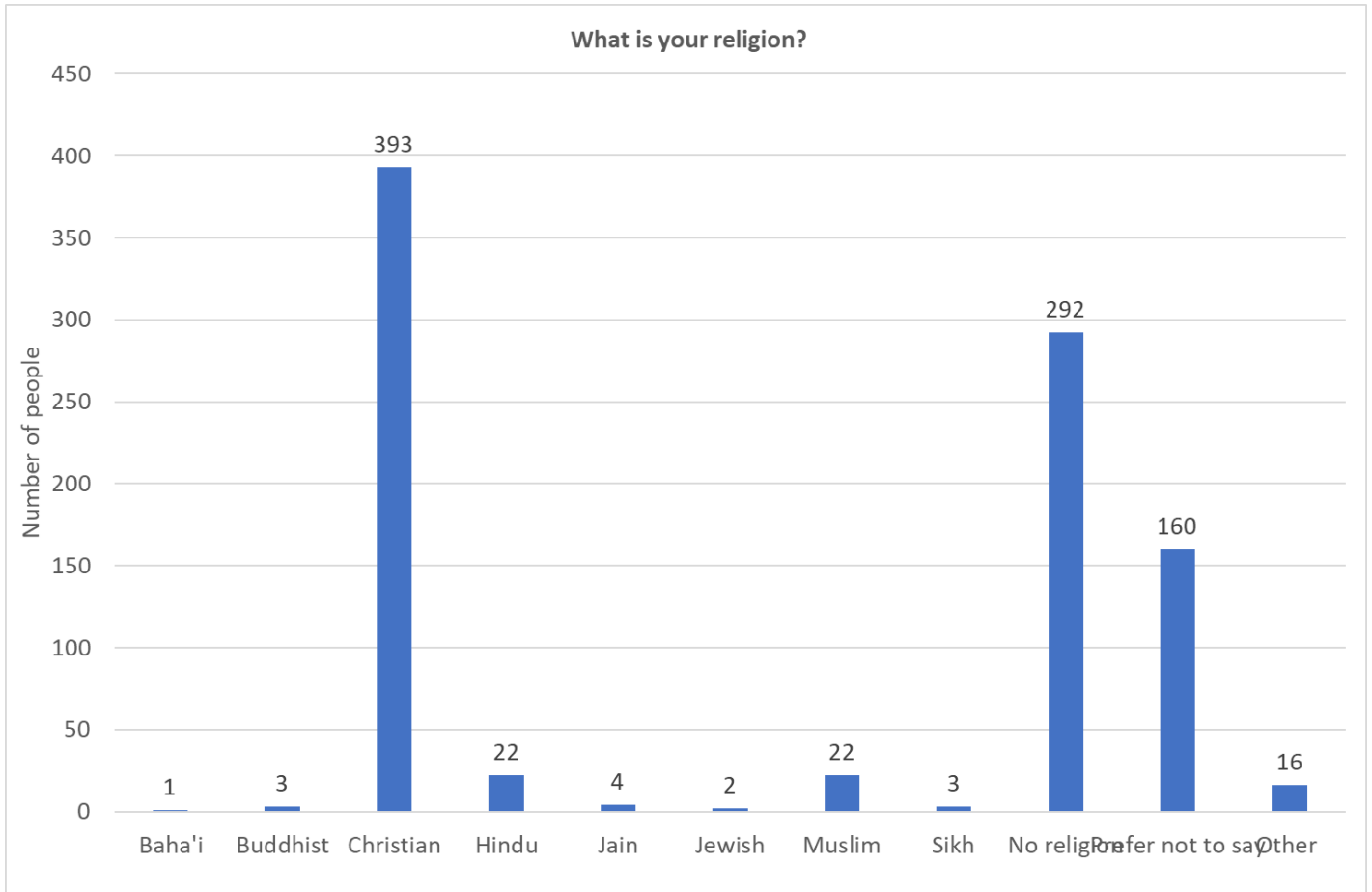
Do you consider yourself to have a disability?



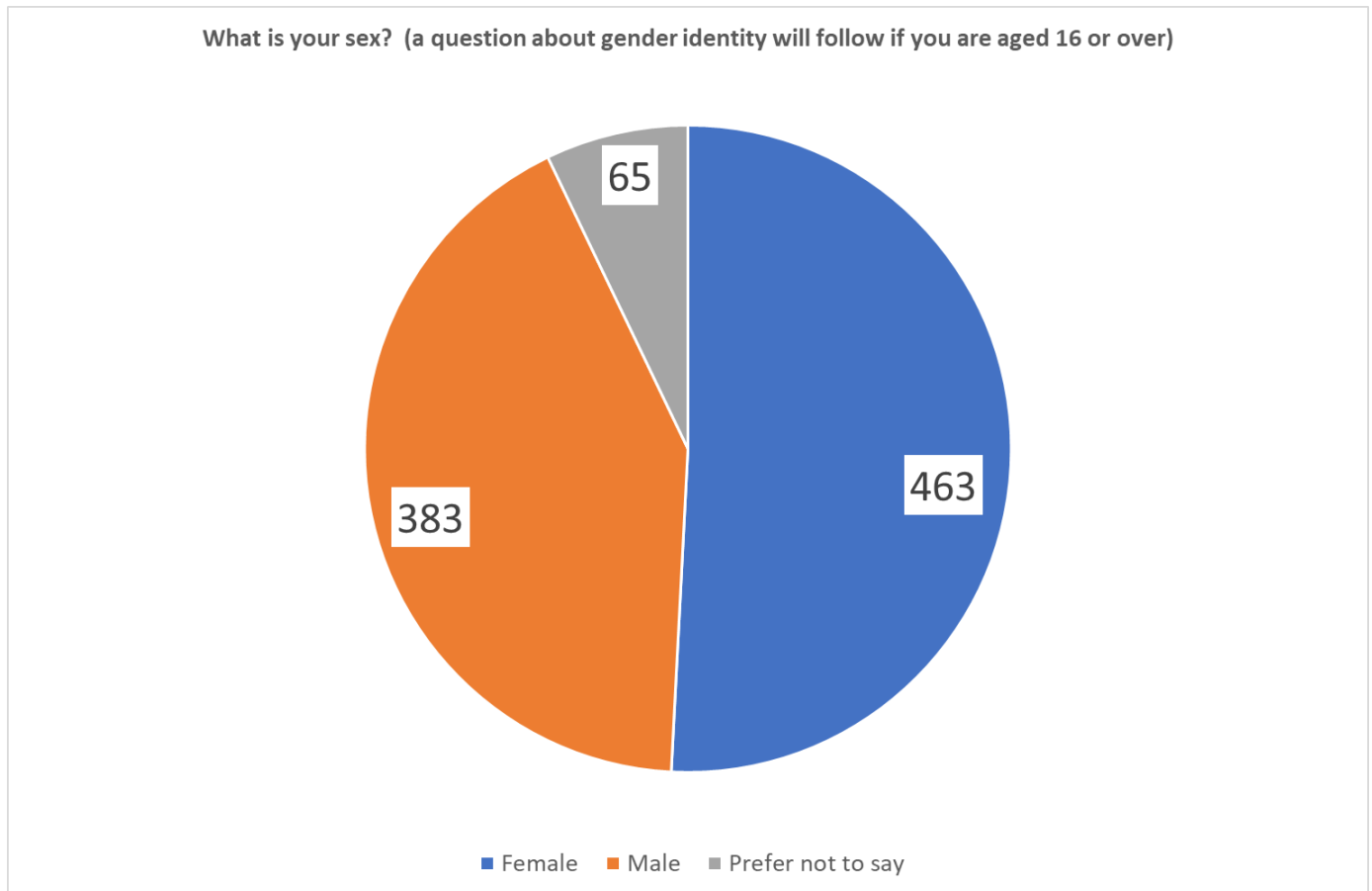
Please select the disability(ies) you consider yourself to have:



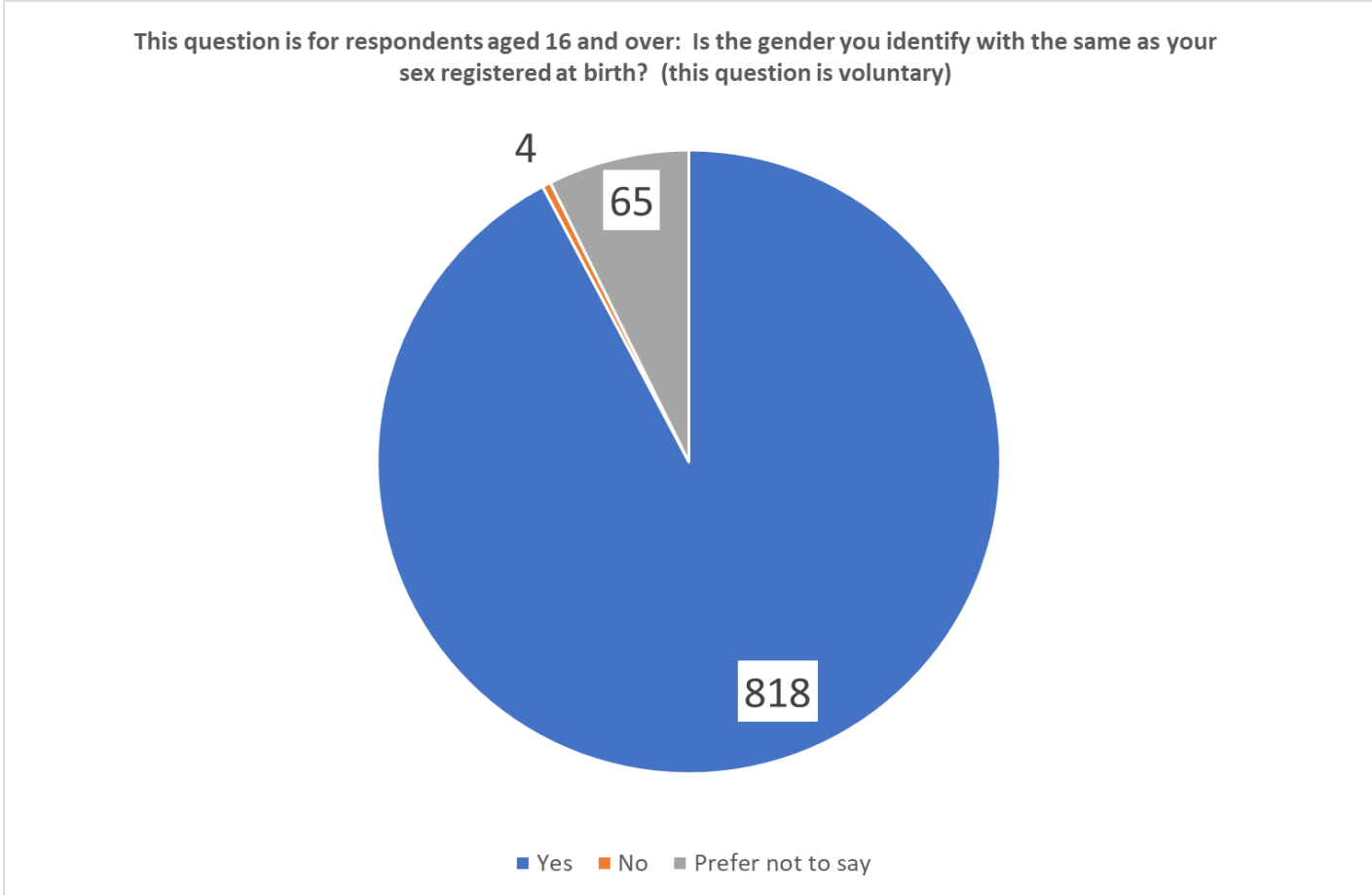
What is your religion?



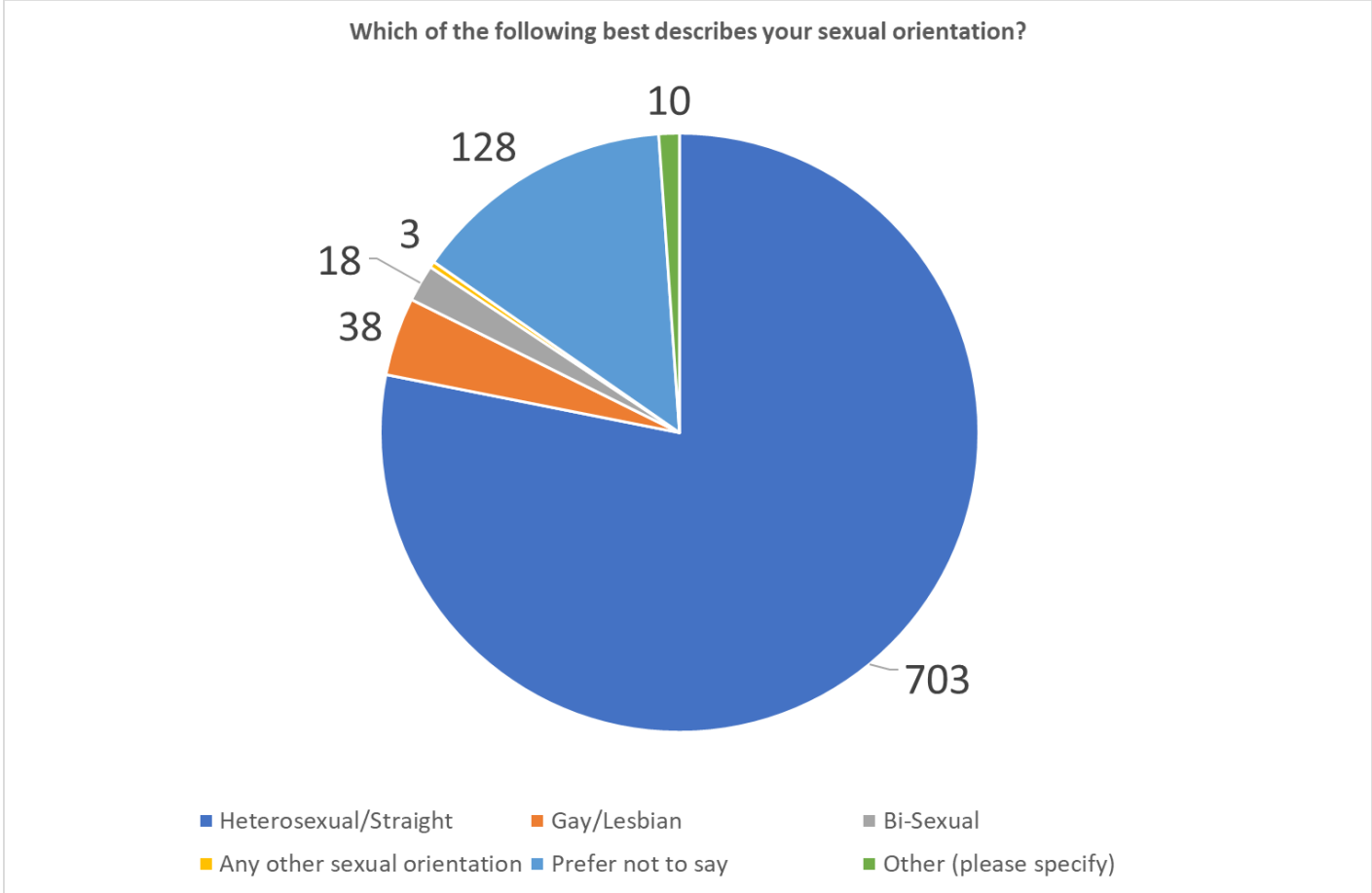
What is your sex?



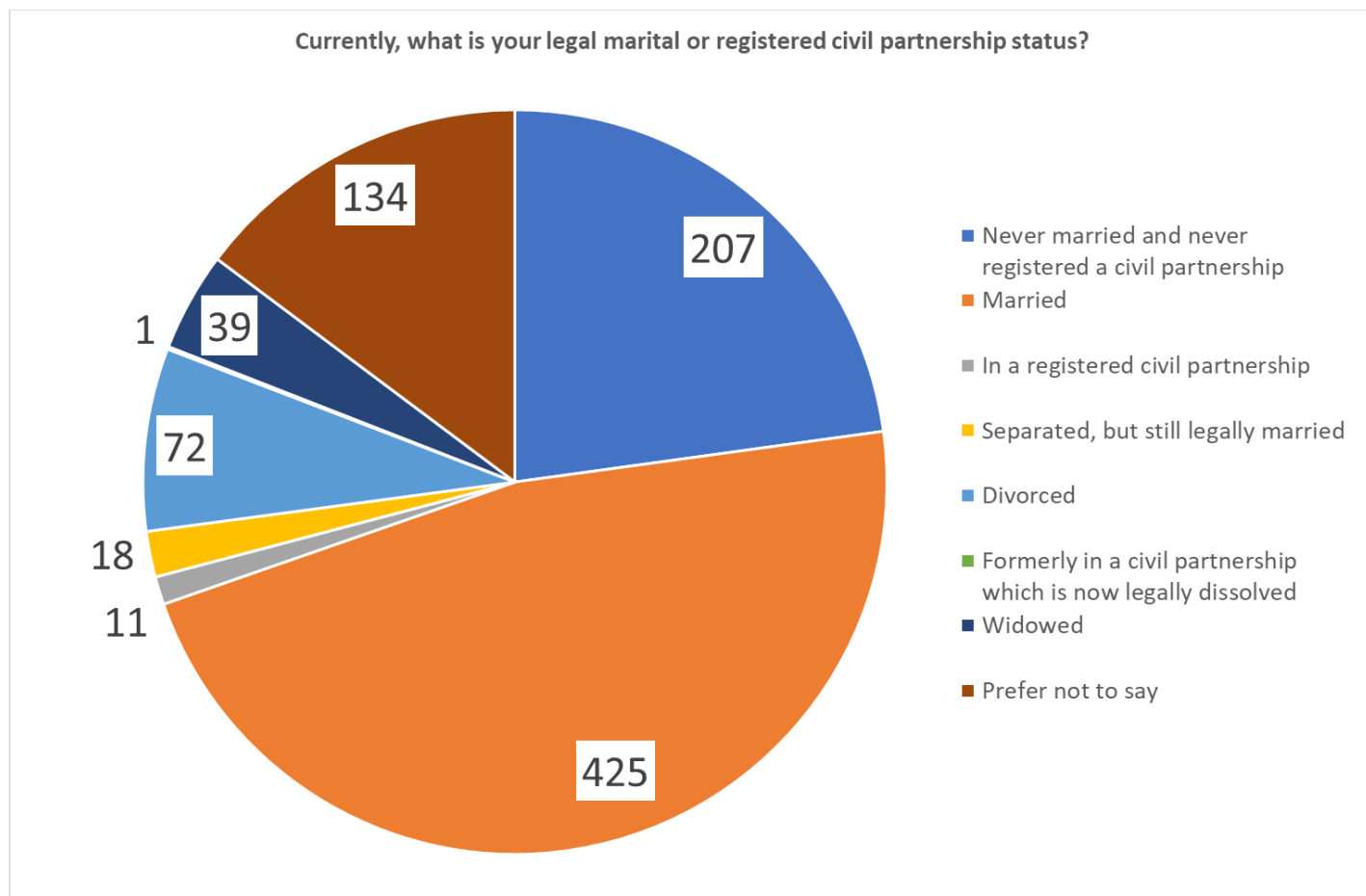
Is the gender you identify with the same as your sex registered at birth?



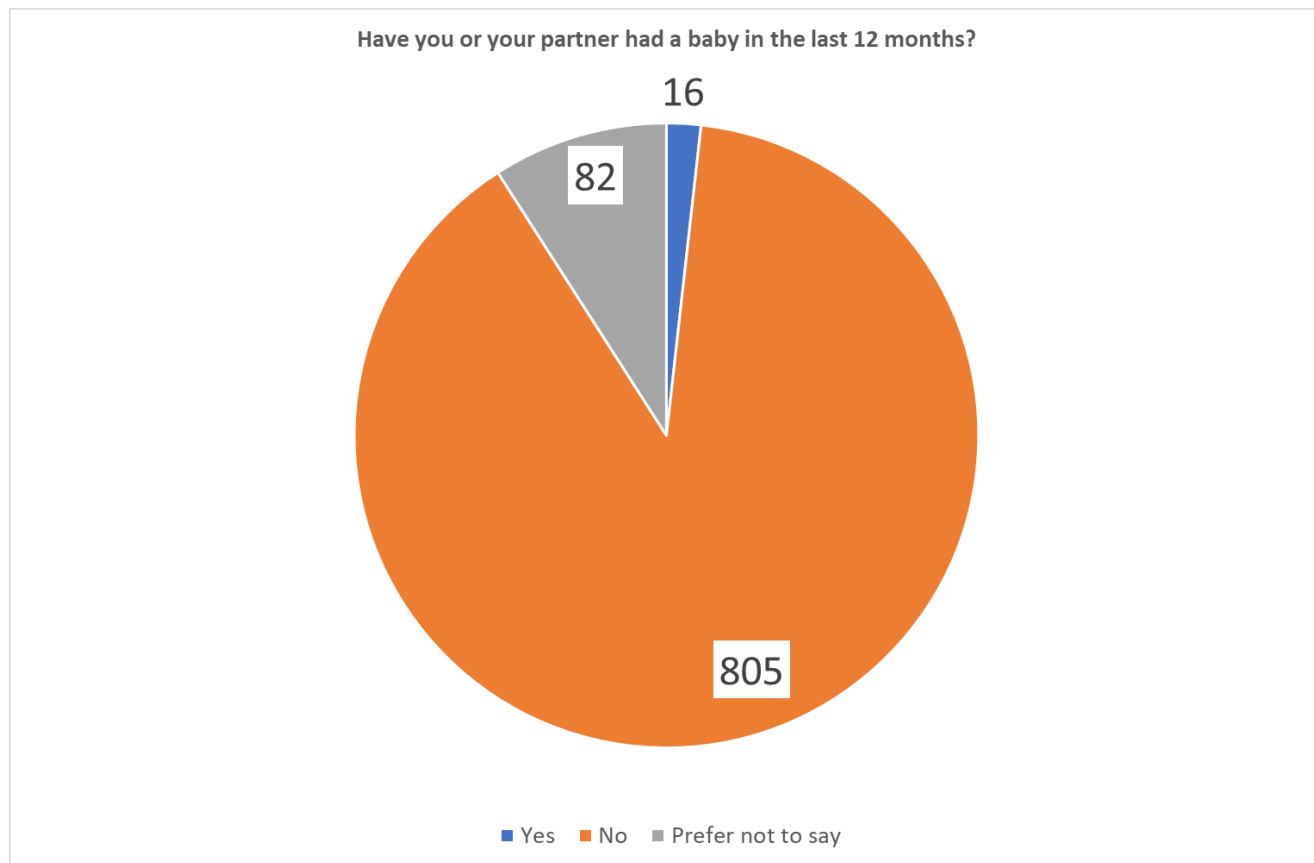
Which of the following best describes your sexual orientation?



What is your legal marital or registered partnership status?



Have you or your partner had a baby in the last 12 months?



Appendix – Feedback from the Special Educational Needs and Disabilities Youth Participation Forum

'Croydon Superstars' (SEND Youth Participation Forum)

Response to the Annual Community Budget Survey 2024-25 (Nov. 23)

Overview

SEND Students aged between 11 and 22, from Priory School, Red Gates School, St Giles School, Coulsdon College, Bensham Manor School and Croydon College were consulted on their priorities for the 2024-25 budget. Students completed one of two tasks. Task A involved choosing from a selection of community activities linked to the 9 budget proposals, represented by widgets (simple images). The students were then asked which activities they would like to see more of in their local community to meet their needs and those of their families. Task B involved ranking the 9 budget proposals from highest to lowest priority and had a further opportunity for individual suggestions, based on case studies (see qualitative data at this end of the report).

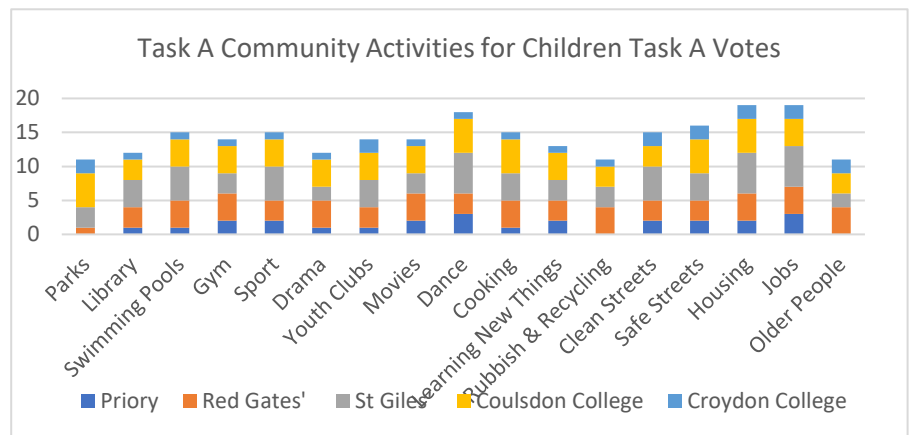
Task A

19 students out of the 21 who completed Task A agreed they would like to see more housing and jobs created next year 24_25. Their next priorities were dance activities, with 18 votes, and safe streets, with 16 votes. Their ranking of the budget proposals, based on these votes, is:

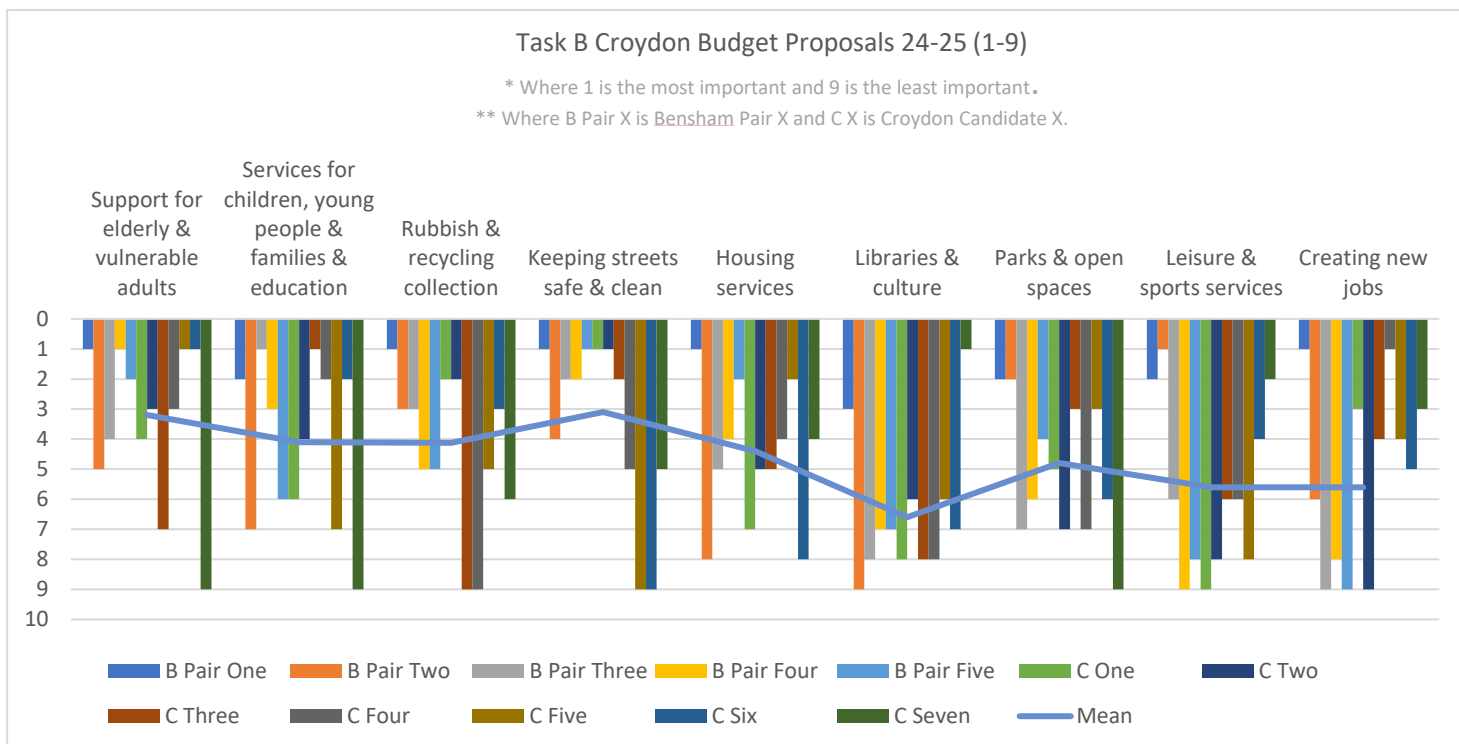
1. Housing services
1. Creating new jobs
3. Leisure & sports services
4. Keeping streets safe & clean
5. Services for children, young people & families & education
6. Libraries & culture.
7. Parks & open spaces
7. Rubbish & recycling collection
7. Services for elderly & vulnerable adults

Task B

At Bensham Manor this activity was completed in pairs, whereas at Croydon College it was completed individually. Overall, keeping streets safe & clean, support for elderly & vulnerable adults and services for children, young people & families & education were highlighted as priorities, with significantly lower means. Proposals ranked 3-5 were less differentiated, suggesting they collectively hold similar importance across the students, as were leisure & sports services and creating new jobs, though they were ranked lower. Libraries & culture received the markedly lowest mean.



1. Keeping streets safe & clean	3.1
2. Support for elderly & vulnerable adults	3.2
3. Services for children, young people & families & education	4.1
4. Rubbish & recycling collection	4.2
5. Housing services	4.4
6. Parks & open spaces	4.8
7. Leisure & sports services	5.6
7. Creating new jobs	5.6
9. Libraries & culture	6.6

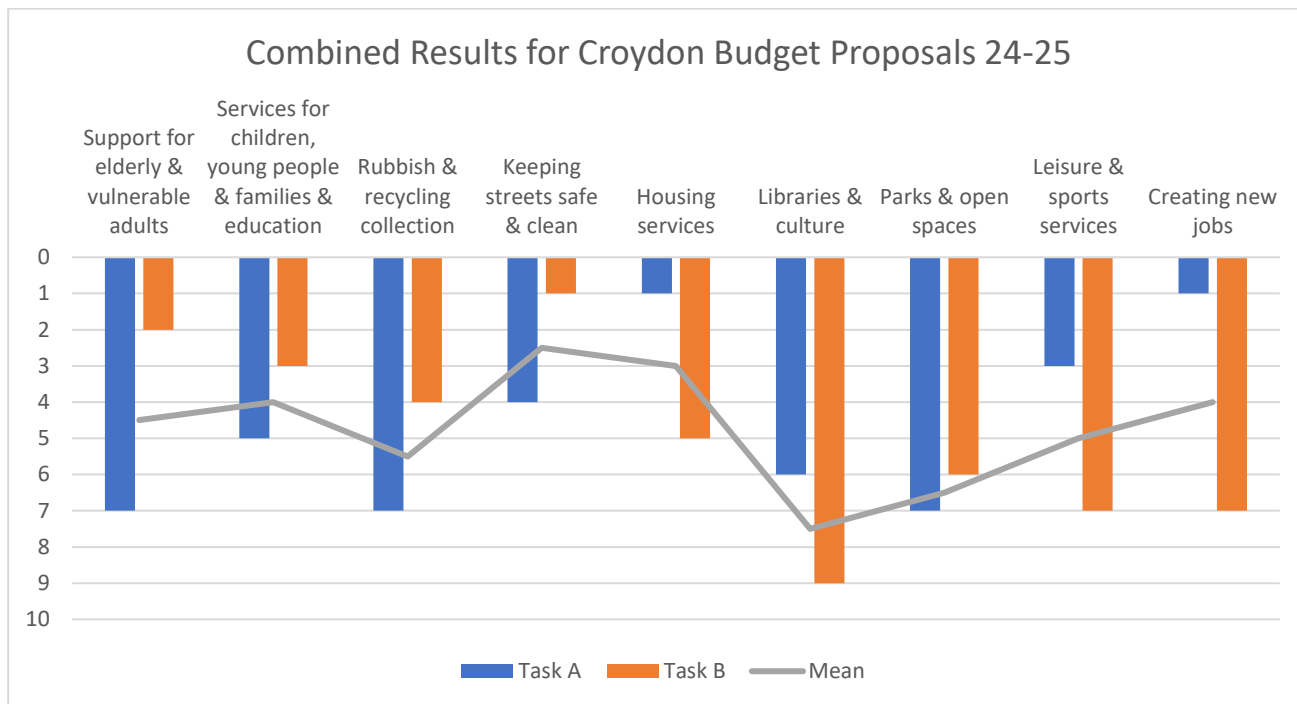


Combined Results

By combining the tasks’ results, the adjacent overall ranking was produced, where keeping streets safe and clean, housing services, services for children, young people & families & education and creating new jobs were ranked 1-3.

The tasks were given equal weighting as 21 students participated in Task A, whilst 19 participated in Task B. Whilst the means are more differentiated, the variation between tasks is generally large, with the groups agreeing most on their lower ranking of parks & open spaces. It should be noted that comparing the two tasks is limited, as Task A was ranked based on frequency whilst Task B expressed preference, as it was ranked by priority.

Croydon Budget Proposals	One	Two	Three	Mean
1. Keeping streets safe & clean	4	1	3	2.5
2. Housing services	1	5	4	3
3. Services for children, young people & families & education	5	3	2	4
3. Creating new jobs	1	7	6	4
5. Support for elderly & vulnerable adults	7	2	5	4.5
6. Leisure & sports services	3	7	4	5
7. Rubbish & recycling collection	7	4	3	5.5
8. Parks & open spaces	7	6	1	6.5
9. Libraries & culture	6	9	3	7.5



Qualitative responses

Students had the most suggestions for keeping streets safe & clean, support for elderly & vulnerable people, services for children, young people & families & education and leisure & sports services, and the most frequently made suggestions involved increasing accessibility to community activities for SEND people such as themselves. Other priorities include improving homelessness provisions and more sports activities.

Croydon Budget Proposals 23-24	Qualitative Suggestions
Keeping streets safe & clean	Address Knife crime.
	Address dangerous litter (e.g. needles).
	Generally clean streets.
Support for elderly & vulnerable adults	More systems to support people with disabilities.
	More accessibility for visually impaired and disabled people.
	Disability-friendly public transport.
	More ramps.
Services for children, young people & families & education	More specialist medical care for SEND children.
	More special provision schools.
	Create SEND provisions in mainstream schools
	Support for children to access public transport safely.
	More minibuses.

	More therapy centres.
Rubbish & recycling collection	
Housing services	Homelessness provision Jobs, houses and food for the homeless
Parks & open spaces	More parks in open spaces.
Leisure & sports services	More sports: swimming, football, tennis, basketball, boxing, etc. Specialist clubs for SEND children. Increase lunch funding (has been reduced to £3.50) Family activities Art clubs Drama clubs Common rooms More activities (e.g. games like Monopoly) Indian cinemas
Creating new jobs	
Libraries & culture	
Other	Address cost of living. Lower prices and bills Increase lunch funding (has been reduced to £3.50)

View of the Section 151 Chief Finance Officer on the Robustness of the Budget Estimates and Adequacy of Balances and Reserves

1. Under Section 25 of the Local Government Act 2003, the Corporate Director of Resources (Section 151 Chief Finance Officer) is required to include in the budget report, her view of:
 - the robustness of the 2024-25 estimates.
 - the adequacy of the balances and reserves the budget provides for considering the medium-term risks facing the authority.
2. CIPFA have for the first time issued a public statement on how S151 Officers should approach the Section 25 statement. In setting the background, the statement says:- “It is a demanding time for local authorities as they grapple with immense resourcing challenges ranging from inflationary pressures to rising demand and recruitment constraints. The financial resilience of all local authorities is under strain: “Since 2010-11, local authority spending has fallen from 7.4 to 5.0 per cent of Gross Domestic Product (GDP), and it falls further in our forecast to 4.6 per cent of GDP in 2028-29. Given local authorities’ statutory duty to provide a range of services where demand is likely to continue to grow, for example adult and child social care, pressure on local authority finances and services will continue.” Economic and Fiscal Outlook – November 2023 (Office for Budget Responsibility, 2023).
3. In particular, for Croydon Council, its pre-2020 history of poor financial mismanagement means that it is acutely aware of the dangers associated with finding itself in a Section 114 situation (with S114 reports issued in November 2020, December 2020 and November 2023). The Council is still far from financially sustainable with an ongoing annual revenue budget gap of £38m which is currently capitalised each year through Capitalisation Directions granted by the Secretary of State for Levelling Up, Housing and Communities. This is despite working closely with the Department for Levelling Up, Housing and Communities (DLUHC) and the Improvement and Assurance Panel (IAP) to seek a solution. The process of using Capitalisation Directions increases the financial pressures on the Council’s revenue budget by increasing its annual debt charges into the future.
4. This Section 25 Statement reflects this national and local context.

The Robustness of the Budget Estimates

5. Budget estimates are exactly that, estimates of spending and income at a point in time. This statement about the robustness of estimates cannot give a guaranteed

assurance about the budget but gives Members reasonable assurances that the budget has been based on the best available information and assumptions.

6. For the reasons set out below the Corporate Director of Resources is satisfied with the accuracy and robustness of the estimates included in the 2024-25 Budget Report:
- The budget proposals have been developed following guidance from the Corporate Director of Resources and have been through a robust process of development and challenge with the Executive Mayor, Scrutiny and Cabinet Members, the Chief Executive and the Corporate Management Team, service directors and managers.
 - All proposals for new growth and savings have required the preparation of business cases and been subject to challenge at Star Chamber meetings.
 - The 'Opening the Books' review identified substantial accounting corrections that had one-off and on-going implications for the Council's 2023-24 budget. These are recognized in the proposed 2024-25 Budget and Medium-Term Financial Strategy to 2027-28.
 - Constructive dialogue has been undertaken with central government and it is expected that the Secretary of State for Levelling Up, Housing and Communities is minded to provide a Capitalisation Direction of up to £38m for 2024-25. Allowance is made for the debt financing costs that will arise from the potential use of the additional Capitalisation Direction.
 - A provision of £18.2m is set aside for inflation and takes reasonable account of potential future pay awards and the government forecast¹ for continued inflationary pressures.
 - A £5m provision is set aside for 2025-26 onwards regarding economic demand pressures.
 - The revenue budget proposals provide for the Council to hold an unallocated contingency of £5m to meet unforeseen budget pressures.
 - Service managers have made reasonable assumptions about growth pressures which, following corporate challenge were not manageable within current budgets, and have resulted in additional essential investment.
 - Rigorous mechanisms are in place to monitor sensitive areas of expenditure with regular assurance meetings held to ensure that all proposals within the medium-term financial strategy are managed well and that budgets remained on track during the year.
 - The use of budget monitoring in 2023-24 to re-align budgets where required with mitigating actions identified to meet budget pressures and growth provided when needed. As a result of the stringent approach to monitoring, the latest Month 8 Financial Performance Report predicts that the Council is likely to be able to balance its in-year budget pressures with no use of the £5m financial risk

¹ Autumn Statement 2023 – Inflation forecast to be 2% in the first half of 2025.

contingency.

- Key risks have been identified and considered.
- Prudent assumptions have been made about interest rates payable and the budget proposals comply with the requirements of the Prudential Code and Treasury Management Strategy. The revenue effects of the capital programme are reflected in the budget.
- Fees and charges are incorporated within the budget and charges for 2024-25 were approved by Cabinet on 6 December 2023.
- Corporate and Directorate Management Teams have been involved in the detailed development of the proposed savings and have confirmed their deliverability.
- A prudent approach has been adopted on the local share of business rates income and council tax income receivable with detailed financial modelling used to support the forecast.
- A Hardship Fund of £0.5m has been set aside to protect those low income households that find themselves in financial difficulty due to the increase in Council Tax.
- Regular benchmarking is undertaken against 'statistical neighbour councils' to ensure budgets are reasonable.

Balances, Reserves and Risks

7. Reserves play a crucial role in good public financial management. They enable investment in service transformation and provide resilience against unexpected events or emergent needs. As one-off resources they can only be spent once. Croydon has a well-documented history of the imprudent use of reserves to balance its budget. It is the view of the Corporate Director of Resources that the 2024-25 budget proposals only include prudent and appropriate use of reserves to meet one off costs and that they are adequate considering the medium term risks facing the council.
8. Croydon faces a range of substantial financial risks that may require the use of reserves. These include:
 - Key departmental financial risks as set out in Appendix L
 - The outcome of discussions with central government on the Council's request for additional Capitalisation Directions / assistance of £38m per annum from 2025-26 onwards.
 - A further upturn in inflation and impact of the rising cost of living. Against this risk the Council has set aside an inflation provision of £18.1m.
 - Addressing pent-up demand/pressures as part of the Covid-19 recovery. This has particularly impacted on temporary accommodation budgets.
 - Hospital discharge delays and pressures in the adult social care sector regarding social care waiting times, fee rates and workforce capacity.

- There is a risk that the number of children in care or the number of homeless families in the borough increases beyond what can be accommodated within existing budgets.
 - There is a risk that the number of children on ECHPs (Education Health & Care Plans) who require transport to school increases beyond what can be accommodated within existing budgets.
 - The Council generates significant levels of income, particularly within the Sustainable Communities Regeneration and Economic Recovery directorate, across Planning, Building Control and Parking services. The socio-economic conditions, alongside inflationary pressures and the cost of living crisis have created a more uncertain environment on which these income levels are predicated with fewer major planning applications, declining town centres and high streets, reduction in commuting, and uncertainty in the construction sector following the introduction of the Building Safety Act and new Building Safety Regulator. There is a risk that this could lead to some budget pressures across income generating budgets during 2024-25.
 - The risk of recession and impact on demand for Council services and income streams, such as business rates and council tax.
 - Additional financial issues coming to light as part of the Opening the Books project and the continued external audit of the past 4 years of the Council's annual accounts.
 - The impact of the wider economy on major Council development projects and future capital receipts.
 - The future impact on London of the government's 'levelling-up' agenda and wider local government finance reform (including the government grant regime and business rates).
 - A significant movement in interest rates. This would impact on both the core borrowing undertaken to finance the historic capital programme and future borrowing regarding the use of Capitalisation Directions.
 - The impact of, and costs of, tackling climate change.
 - The challenge of identifying further significant future savings that balance the budget over the longer-term. The current MTFS modelling identifies a target for new savings of £20m per annum beyond 2025-26. However, there is an annual £38m shortfall driven by the cost of debt in the Council's ongoing annual budget which is currently assumed to be funded from annual Capitalisation Directions, which in turn will generate more cost pressures from their associated debt charges. This is not a sustainable financial position and needs to be resolved.
9. Over the past 4 years Croydon has taken robust action to restore reserves from a negative base. The current estimate of reserves that will carry forward to 2023-24 are summarised in Table 1. The current estimate is still subject to review through the closedown of the accounts process for 2019-20 to 2022-23. The estimated general fund balance was £27.5m at the start of 2023-24 and is not anticipated to change prior to the start of 2024-25.

Table 1 – Reserves Carried Forward to 2023-24

	Balance 1st April 2023 £'m
Earmarked Reserves	60.4
Restricted Reserves	64.7
Sums set aside regarding business rate rebates	12.1
Balances held by Schools	6.7
General Fund Balances	27.5
Total	171.4

10. Croydon holds reserves for the following main purposes.
- As a contingency to cushion the impact of unexpected events or emergencies – this forms part of general balances. The Council’s general fund balance was £27.5m at the start of 2023-24 and is not anticipated to change prior to the start of 2024-25. The Corporate Director of Resources is of the view that this should be the minimum level of general fund balance that the Council holds given its scale, complexity as a unitary council and historically high-risk profile.
 - To build up funds for known or predicted requirements; these specific reserves are known as earmarked reserves. The balance at the start of 2023-24 was estimated to be £64.7m but this figure is still subject to final external audit.
 - Restricted reserves are also earmarked but there are more constraints, such as grant terms and conditions, on how the council can use such funding. The largest restricted reserve is £28.5m relating to business rates income ringfenced for use in the Croydon Growth Zone.
 - Specific reserves relating to school balances and the funding of business rate rebates as part of the government’s Covid measures. As set out in Appendix F the 2023-24 business rates income forecast includes a drawdown from the business rate relief reserve (which was funded from government grant) of £12.1m that offsets a prior year adjustment made for rate reliefs granted during the covid-19 pandemic.
11. As part of the actions taken by Croydon to ensure effective strategic oversight of the level and use of reserves Cabinet are requested to approve a reserves policy for 2024-25 as set out in Appendix M.

12. It is the view of the Section 151 Chief Financial Officer that the Council's Housing Revenue Account (HRA) reserves are currently in surplus and that the proposed drawdown from its reserves budgeted in the HRA Business Plan are affordable.
13. Finally, the Council currently holds a negative High Needs Dedicated Schools Grant Reserve, as permitted by a statutory override in place until at least April 2026. The negative reserve is being addressed through a Department for Education Safety Value agreement and is expected to be positive by the end of the financial year 2026-27. It is the view of the Section 151 Chief Financial Officer that these arrangements are robust and are being monitored regularly.

Financial Risks

Figures are incremental

Adult Social Care & Health

Service Area	Short description of risk	Risk				Potential Mitigation
		2024-25 £000s	2025-26 £000s	2026-27 £000s	2027-28 £000s	
All care	Inflation Inflation has been budgeted for corporately, however providers are currently approaching commissioners for increases of between 9.5% and 45%. These requests are outside the Fair Cost of Care exercise. In some instances the department may need to pay inflationary increases to ensure provider stability. Croydon has signed up to the Ethical Care Charter, which stipulates that providers must pay employees London Living Wage. For 2024-25 LLW has increased by 10.04%	5,000	5,500	6,000	6,500	
All care	Demand Work continues to manage demand for social care, however this is challenging in the current economic climate especially with regard to increasing demand for mental health services	500	1,000	1,500	2,000	
All care	Market Sustainability Fund and Hospital Discharge Fund Funding has not been confirmed beyond 2024-25. Market sustainability funds support recurrent provider fee increases. Hospital discharge funds care for people leaving hospital and staffing. The loss of either grant will result in new pressures.	0	8,400	8,400	8,400	Confirmation of the continuation of these grants
All staffing	Workforce Recruiting staff is increasingly more difficult, with recognised shortages of social workers and occupational therapists. Despite the work that has been undertaken to reduce reliance, in order to meet statutory services and deliver transformation, there is a likelihood that the need for more costly agency staff will increase.	500	TBA	TBA	TBA	

Childrens and Young People

Service Area	Short description of risk	Risk				Potential Mitigation
		2024-25 £000s	2025-26 £000s	2026-27 £000s	2027-28 £000s	
Social Work with Children Looked After and Care Leavers	Increased children looked after numbers and/or clients existing/new young people in high-cost placements	1,768	1,768	1,768	1,768	Early intervention to mitigate the number of children becoming children looked after

Housing

Service Area	Short description of risk	Risk				Potential Mitigation
		2024-25 £000s	2025-26 £000s	2026-27 £000s	2027-28 £000s	
Homelessness	Availability of private rental properties is low (landlords leaving the market) leading to high inflation and increased use of nightly paid accommodation	5,000	5,000			Budget for inflationary pressures Implement savings measures as planned including use of HRA stock; occupancy review etc. Strengthen relationships with Housing Associations to increase nomination rights Use financial data to target most cost effective property as homelessness accommodation
Homelessness	Potential fire safety works at leased blocks, e.g. Sycamore House, may lead to extended decant periods into more expensive nightly paid accommodation	3,000				Claim costs from freeholder Consider additional fire safety measures, such as a waking watch, to minimise void periods
Homelessness	Service disruption due to ongoing impact from remodelling service processes	500				Considered use of agency staff to cover gaps
Homelessness	Specialist accommodation providers leaving the market leading to difficulty in providing statutory services	500				Look at feasibility of providing in-house supported accommodation services

Sustainable Communities Regeneration & Economic Recovery

Service Area	Short description of risk	Risk				Potential Mitigation
		2024-25 £000s	2025-26 £000s	2026-27 £000s	2027-28 £000s	
Highways and Parking and Strategic Transport	There is a risk given the current financial situation at TFL that anticipated funding for infrastructure projects may be delayed or rescinded which may result in additional capital borrowing needed by the council be that to cover loss of income or to complete projects.	TBA				
Highways and Parking	Although there has been a rightsizing of the Parking Budget the current cost of living crisis, continued changes in the number of people working from home since the pandemic and other economic factors may affect the number of people using Parking in Croydon. This will affect both Pay & Display and PCN Income.	TBA				
Highways and Parking	Highway Infrastructure Assets - Under-investment in infrastructure including bridges, roads, flood defences, etc. Risk of serious damage and litigation as well as substantial increase in repair costs.	TBA				
Highways and Parking	New box junction and bus lane ANPR cameras not achieving income targets due to increased expected compliance	TBA				
Highways and Parking	Delays to transformation of parking policy- emission discounts for parking, parking permit price increase, cashless P&D, controlled parking expansion - reducing anticipated income.	TBA				
SEND Transport	Unprecedented increase in demand and inflation for Home to School SEND Travel	TBA				
Development Management	The reduction in planning major applications is being experienced across the country and the GLA is reporting the reduction across London. It is these applications which bring in the most significant fees, therefore income may be reduced.	TBA				

CORPORATE

Service Area	Short description of risk	2024-25	2025-26	2026-27	2027-28	Potential Mitigation
		£000s	£000s	£000s	£000s	
Council Wide	Upturn in inflation - pay award and contract inflation 1% higher than currently modelled	6,000	6,000	6,000	6,000	Review and management of contracts. Offset against future years economic demand and pressures contingency
Council Wide	1% increase in borrowing costs (due to interest rate rises)	500	500	500	500	Review in-year Treasury Management Strategy
Council Wide	Cash flow risk (unwinding of internal borrowing - £75m reduction modelled)	1,118				Review in-year Treasury Management Strategy
Business Rates	Reduction in income due to business closure/lower economic activity	0	8,600		0	The impact will be in future years. The risk shown would reduce business rates income to the minimum level (safety net threshold) guaranteed by the government.
Total Risks Quantified (mid-point taken when a range identified)		24,386	36,768	24,168	25,168	

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Reserves Policy

1. Croydon's finances are under strain from inflationary pressures and increasing demand for essential social care, housing and welfare services. The Council's financial challenge is compounded by a well-documented history of local legacy issues that included an imprudent use of reserves to balance its budget.
2. Under Section 25 of the Local Government Act 2003, the Director of Resources (section 151 Officer – S151 Officer) is required to include, in budget reports, her view on the adequacy of balances and reserves.
3. The Code of Practice on Local Authority Accounting sets out the accounting treatment for reserves. CIPFA has issued Local Authority Accounting Panel (LAAP) Bulletin No.55, Guidance Note on Local Authority Reserves and Balances and LAAP Bulletin 99 (Local Authority Reserves and Provisions). Compliance with the guidance is recommended in CIPFA's Statement on the Role of the Chief Financial (S151) Officer in local government.
4. This policy accords with the statutory regime and relevant non-statutory guidance regarding reserves. It acknowledges the financial challenge facing Croydon and how reserves play a crucial role in good public financial management:
 - They provide resilience against unexpected events and emergent needs.
 - Can enable investment in service transformation and priorities.As one-off resources they can only be spent once.

Overview

5. Croydon's overall approach to reserves is defined by the system of internal control set out in the Council's Annual Governance Statement. Key elements of the internal control environment are objective setting and monitoring, policy and decision making, compliance with statute and procedure rules, risk management, achieving value for money, financial management and performance management.
6. Croydon maintains reserves for the following purposes:
 - As a contingency to cushion the impact of unexpected events or emergencies – this forms part of general balances.
 - To build up funds for known or predicted requirements; these specific reserves are known as earmarked reserves.
 - Separate balances and reserves are maintained for the General Fund, Schools and Housing Revenue Account (HRA).
 - The Council is also required to maintain unusable reserves to comply with accounting requirements. As the term suggests these reserves are not available to fund expenditure.
7. For 2023-24 Croydon carried forward estimated General Fund reserves and balances of £171.4m. The final confirmation of earmarked reserves is still being established through the closedown of the accounts for 2019-20 to 2022-23.

Table 1 – General Balance and Earmarked Reserves

Balance carried forward to 2023-24	
<i>General Fund</i>	£'m
General Balance	27.5
Earmarked Reserves	60.4
Restricted Reserves	76.8
Schools	6.7
	171.4
HRA General Balance	30.0

8. The level of the general balance is a matter for the Council to determine having had regard to the advice of the S151 Officer. It is a matter of judgement which will take account of the extent to which specific risks are supported through earmarked reserves. The latest comparative data produced by DLUHC¹ indicates that Croydon's general and earmarked reserves are still below the median level for a London Borough (46% of service expenditure compared to the median for London of 59%).

Strategic Approach

9. To ensure effective strategic oversight of the level and use of reserves Croydon's approach is based on the following key principles:
- General Balances and risk assumptions need to be reviewed annually as part of the Council Tax and Budget report.
 - Those reserves no longer required for their intended purpose are identified and made available for other defined priorities.
 - A long-term view will be used when assessing the use of reserves to ensure that existing commitments and agreed priorities can be delivered.
 - Whilst use of the general balance can be a part of a plan to ease future budget reductions, and to allow longer term savings to come to fruition, it is not a prudent use to draw down from the general balance with no clear plan on how any future budget gap will be bridged.
 - The use of reserves will be minimised through consideration of appropriate contributions from partners, alternative revenue contributions and regular balance sheet review.
 - When the Council is in receipt of one-off and non-recurrent resources it should aim to use them to replenish and top-up reserves.

¹ Local authority general fund earmarked and unallocated reserve levels, 2017-18 to 2021-22- DLUHC paper published 18 May 2023

Use of Reserves

General Balance

10. General Balances cover unforeseen financial risks and provide cover for unexpected or unavoidable additional costs. Following the legacy budget adjustments made regarding the 'Opening the Books' exercise the Council's restated general fund balance was £27.5m at the start of 2023-24. This is not anticipated to reduce further before 2024-25 albeit the Council's Accounts for the years 2019-20 to 2022-23 are subject to finalisation. The Corporate Director of Resources is of the view that this should be the minimum level of general fund balance that the Council holds given its scale, complexity as a unitary council and historically high-risk profile.

Earmarked Reserves

11. Earmarked reserves are held for several purposes:
 - Sums set aside for council priorities and initiatives.
 - Insurance reserves
 - Service transformation and improvement.
 - To meet one-off pressures.
 - As mitigation against future risks such as government funding reform.
 - To smooth expenditure profiles between years, such as local elections.
 - To smooth income profiles such as business rates and council tax
 - The carry forward of unspent revenue grants or funding, such as the Croydon Growth Zone, held for a specific purpose.
12. Some earmarked reserves have restrictions placed on their use. For example, reserves relating to unspent revenue grants may have conditions attached. The need for each reserve is reviewed annually to ensure they are still required for their intended purpose and a summary on the movement in reserves is published annually, to accompany the annual Statement of Accounts.
13. The use of some reserves is also limited by Regulation e.g. the Collection Fund balance must be set against Council Tax levels, reserves established through the HRA can only be applied within that. Schools' reserves are also ring-fenced for their use, although there are certain regulatory exceptions.

Management

14. All reserves are reviewed as part of the budget preparation, financial management and closing processes. The Council will consider a report from the S151 Officer on the adequacy of the reserves in the annual budget-setting process. The report will contain estimates of reserves where necessary. The Audit and Governance Committee will consider actual reserves when approving the statement of accounts each year.

15. For each reserve established, the purpose, usage, procedures for the management and control of reserves, and basis of transactions should be clearly identified. The creation, addition or reduction of, and authorisation of expenditure from, reserves is subject to agreement by the Corporate Director of Resources (S151) Officer.
16. The following matters apply to individual reserves:
 - The General Fund working balance will not fall below the level recommended at Budget Council without the approval of Cabinet.
 - The Capital Financing Reserve is applied to meet future investment plans and is available to fund investment directly or to support other financing costs. The reserve can also be used for preliminary costs of capital schemes e.g. feasibility.
 - The Schools Reserve, HRA Reserve and the Insurance Reserve are clearly defined and require no further authority for the financing of relevant expenditure.
17. The Council will review the Reserves Policy on an annual basis.

Equality Analysis: Revenue Budget and Council Tax Levels 2024-25

1. Introduction

1.1 Purpose of Equality Analysis

The Council has an important role in creating a fair society through the services we provide, the people we employ and the money we spend. Equality is integral to everything the Council does. We are committed to making Croydon a stronger, fairer borough where no community or individual is held back.

Undertaking an Equality Analysis helps to determine whether a proposed change will have a positive, negative, or no impact on groups that share a protected characteristic. Conclusions drawn from Equality Analyses help us to better understand the needs of all our communities, enable us to target services and budgets more effectively and also help us to comply with the Equality Act 2010.

An equality analysis must be completed as early as possible during the planning stages of any proposed change to ensure information gained from the process is incorporated in any decisions made.

In practice, the term '**proposed change**' broadly covers the following:

- Policies, strategies and plans;
- Projects and programmes;
- Commissioning (including re-commissioning and de-commissioning);
- Service review;
- Budget allocation/analysis;
- Staff restructures (including outsourcing);
- Business transformation programmes;
- Organisational change programmes;
- Processes (for example thresholds, eligibility, entitlements, and access criteria).

2. Proposed change

Directorate	All
Title of proposed change	Revenue Budget and Council Tax Levels 2024-25
Name of Officers carrying out Equality Analysis	Allister Bannin, Director of Finance (Deputy s151 Officer)

2.1 Purpose of proposed change

The Council is obliged to set a balanced budget and council tax charge in accordance with the Local Government Finance Act 1992.

This equalities impact assessment relates to the 2024-25 revenue budget proposals regarding:

A council tax increase of 2.99% and a 2% increase in the adult social care precept levy. These are to the Council's element of council tax (the Greater London Authority sets the increase level to the GLA element).

Demand pressures, inflation and proposed savings.

Legacy financial issues and budget corrections.

Context for Change

Changing Demographics

Data from the 2021 census shows that Croydon's population has grown by 7.5% since the 2011 census to 390,800. This is slightly lower than the increase for London (7.7%). Other comparative data from 2021 Census:

- Croydon ranked 16th for total population out of 309 local authority areas in England.
- Croydon has the highest population in London.
- The number of households has increased to close to 160,000 compared to 145,000 recorded in Census 2011.
- Croydon is the 10th least densely populated of London's 33 local authority areas.

In Croydon,

- 52% of the population are female.
- 19.3% of the population are under 15 years and 13.6% over 65 years.

Based on the age bandings for delivering services in Croydon:

- 23.1% of residents in Croydon are aged 0-17 years.

A council tax increase of 2.99% and a 2% increase in the adult social care precept levy.

In December 2023 the provisional Local Government Finance Settlement was published by the Department for Levelling Up, Housing and Communities (DLUHC). As part of that settlement announcement, DLUHC indicated the level of increase in council tax, or, the council tax cap that councils can consider charging. For most councils in the country the cap is a 4.99% increase to council tax bills (for the council element).

The scale of our financial problems means that we must look at every option possible to protect vital services. In addition, it is important that all residents are supported to pay the council tax due for their households. The council has a Council Tax Support Scheme in place to support those on low incomes and has proposed as part of this budget a continuation of the additional Hardship Fund set up in 2023-24 which has been available for households struggling to pay the extra council tax increase in 2023-24. The council takes an ethical approach to council tax collection focussing on collecting debts swiftly from households that can pay and supporting households that are struggling to make ends meet.

Demand pressures, inflation and proposed savings.

Adult social care accounts for more expenditure at Croydon than any other service (30% of net budget). The demographic pressures in this area are felt across the country with an increasing number of service users and increasing complexity of needs. The proposed budget includes adult social care demographic growth of £4.5m for 2024-25. This 4% growth in budget reflects recognised best practice for local councils to plan for demand led pressures in adult social care.

However, we know that our adult social care cost base is too high and we can learn from other Councils, so the proposed budget also includes transformation savings of £5.0m in 2024-25. These will be delivered through a mixture of ensuring packages of care are reviewed, meeting an individual's current needs and through managing demand, leading to better outcomes for better value. The medium term financial strategy (MTFS) also includes indicative savings of £4.0m for 2025-26 and 2026-27, which will be reviewed following completion of a diagnostic review of the Adult Social Care and Health directorate with an external delivery partner.

The service offer remains the same, as outlined in the principles below:

Adult social care services reflect the relevant legislation underpinning social care and health through the Care Act (2014).

- All packages are assessed or reviewed, proportionately, through a strengths-based approach, considering safeguarding, to meet the needs of the individual and carers.
- Residents can access appropriate services provided in-house or commissioned by the Council, or delivered independently by the voluntary and community sector.
- Where people have the financial means to pay a contribution, or to pay for their care in full, this will be in line with the self-funding legislations outlined in the Care Act and wider national policy.

Within Council services supporting Children, Young People, Families and Education there are proposals to improve the effectiveness of services as part of the Corporate Parenting Transformation Programme. This includes reducing the cost of Children Looked After placements through increasing foster care provision and these are not expected to have a negative impact on residents/clients.

Directorates have drafted equality impact assessments (EQIAs) for proposed savings and these will be reviewed prior to implementation of changes. Where there are savings relating to restructures, the separate EQIAs will be shared with trade unions and affected staff as part of consultation processes. The appendix to this EQIA includes an overview of the officer make up of various protected groups (from data presented to the Council's Equality Diversity and Inclusion Board in January 2023).

Changes to fees & charges were presented to Cabinet on 6 December 2023 with a separate EQIA accompanying the report.

The proposed budget includes growth to take account of inflationary pressures across both pay inflation (staffing) and non-pay inflation (contracts for external services). There is specific growth proposed to strengthen staffing in strategic finance, resilience and emergency planning, and contract management for large contracts. There is also growth to meet demand and cost pressures impacting Special Education Needs transport, the Council's contribution to the Transport for London freedom pass scheme and insurance premiums.

Legacy financial issues and budget corrections

The legacy financial issues that Croydon Council are facing are well documented. Within the Revenue Budget there are proposals to ensure that services are funded at the appropriate level and from the appropriate budget(s). These include growth to realign the public health grant contribution budgets for libraries and physical activities, realign the staffing recharge budgets for the highways service, and Housing Benefit subsidies. Whilst these have an impact on the budget overall, they do not directly impact on service changes and therefore do not impact on protected characteristics.

3. Impact of the proposed change

Important Note: It is necessary to determine how each of the protected groups could be impacted by the proposed change. Who benefits and how (and who, therefore doesn't and why?) Summarise any positive impacts or benefits, any negative impacts and any neutral impacts and the evidence you have taken into account to reach this conclusion. Be aware that there may be positive, negative and neutral impacts within each characteristic.

Where an impact is unknown, state so. If there is insufficient information or evidence to reach a decision you will need to gather appropriate quantitative and qualitative information from a range of sources e.g. Croydon Observatory a useful source of information such as Borough Strategies and Plans, Borough and Ward Profiles, Joint Strategic Health Needs Assessments <http://www.croydonobservatory.org/> Other sources include performance monitoring reports, complaints, survey data, audit reports, inspection reports, national research and feedback gained through engagement with service users, voluntary and community organisations and contractors.

3.1 Deciding whether the potential impact is positive or negative

Table 1 – Positive/Negative impact

	<p>For each protected characteristic group show whether the impact of the proposed change on service users and/or staff is positive or negative by briefly outlining the nature of the impact in the appropriate column. If it is decided that analysis is not relevant to some groups, this should be recorded and explained. In all circumstances you should list the source of the evidence used to make this judgement where possible.</p> <p>PLEASE NOTE: As this report covers a wide range of Council services, the equalities impact caused by changes will differ in line with the service in question, and the demographics of those individuals &/or communities who use or benefit from the service.</p>		
Protected characteristic group(s)	Negative impact	Positive impact	Source of evidence
Age	<p>The Revenue Budget and Council Tax Levels 2024-25 may have impacts that vary across this protected characteristic group. In some cases the impact may be significantly greater than for other residents. The mitigations for any potential negative impacts are laid out in section five of this report.</p> <p>Savings are proposed from placement costs for adults and looked after children. This is primarily achieved through gatekeeping controls on costs at the point of identifying suitable placements and ensuring effective</p>	<p>The budget seeks to reduce spend on placements for adults and looked after children. More adults will be able to live independently in the community and less children will be exposed to the negative impacts of being 'in care'.</p>	<p>Croydon's population continues to age with those over 65 increasing by 19.7% since the 2011 Census. The median age also increased by two years, from 35 to 37 years of age.</p> <p>The borough data regarding age is as follows:</p> <ul style="list-style-type: none"> • 97,900 0-19 year olds. This is the highest in London. (2021 Census) • 239,700 20-64 year olds. This is the highest in London. (2021 Census) • 53,100 65+ year olds. This is the 3rd highest in London. (2021 Census)

support is provided to enable adults to continue to live independently in the community and children to remain living at home or within their wider family network. The Council will continue to meet statutory needs in line with social care legislation.

Proposed changes to the council tax Care Leavers Relief Scheme include Croydon Council not providing council tax reduction for young people leaving care who are placed by other Local Authorities (LAs) to live in Croydon. A separate EQIA has been completed in relation to proposed changes to the Scheme.

The Council will continue to support Croydon's young people leaving care by providing a 100% reduction in their Council Tax liability (bill) from the age of 18 to 24 inclusive. Nationally each LA has a corporate parenting responsibility for their own care leavers, so Croydon expects that where another LA has corporate parenting responsibility for a care leaver, they provide the support to the care leaver. This is normal practice for London councils and Croydon is currently an outlier in this regard.

Currently Croydon residents who have a care leaver living with them also receive a 100% reduction in their Council Tax liability. Proposed changes to the Care Leavers Relief Scheme include only care leavers where they are named as a liable party. Awarding a reduction to residents who have care leavers living with them and the care leaver is not responsible (liable) to pay the Council Tax is not direct support to the care leaver and other Councils do not do this.

A 'Staying Put' arrangement is when a young person who was previously in Croydon's care remains with their former foster carer/s after their eighteenth birthday, normally up until 21. Supporting young people into early adulthood through Staying Put is one of the priorities in the Croydon Care Experienced Young People Strategy 2023-25 agreed at Cabinet in October 2023.

Feedback from the consultation is clear that removing council tax support could dissuade foster carers from entering new Staying Put arrangements and disadvantage those who currently provide this continuity and support for young people into early adulthood.

The council is reviewing foster carer allowance arrangements and will ensure that payments for carers with Staying Put arrangements include support for Council Tax, so that foster carers already in the scheme are not disadvantaged and to support the Council's ambition to increase the take up of these arrangements.

A separate EQIA has been completed in relation to fees and charges (which were presented to Cabinet on 6 December 2023). The change in fees is unlikely to have any impact on this protected characteristic group that is greater than any other resident. Adult Social Care users are subject to a means tested financial assessment which will assess affordability to contribute, or not, to service provision required (as defined by the Care Act 2014).

<p>Disability</p>	<p>The Revenue Budget and Council Tax Levels 2024-25 may have an impact on this protected characteristic group that is significantly greater than any other resident. The mitigations for any potential negative impacts listed below are laid out in section five of this report.</p> <p>A separate EQIA has been completed in relation to fees and charges (which were presented to Cabinet on 6 December 2023). The change in fees is unlikely to have any impact on this protected characteristic group that is greater than any other resident.</p> <p>External factors mean some disabled residents face higher costs in areas such as energy use, which may in turn impact their ability to meet any increased costs proposed by Croydon Council.</p> <p>Residents that are in receipt of 100% Council Tax reduction will not be impacted by the increase in Council Tax. The increase in Council Tax will impact those in receipt of partial reduction for their Council Tax. Therefore, it is reasonable to expect those in receipt of partial Council Tax Support to be impacted by a rise in Council Tax, and the mitigating factors shown later in the EQIA will therefore be essential to supporting this group of residents.</p>		<table border="1" data-bbox="1512 108 2085 619"> <thead> <tr> <th>Disability</th> <th>Croydon</th> </tr> </thead> <tbody> <tr> <td>Total: All usual residents</td> <td>390,719</td> </tr> <tr> <td>Disabled under the Equality Act</td> <td>54,852</td> </tr> <tr> <td>Disabled under the Equality Act: Day-to-day activities limited a lot</td> <td>23,716</td> </tr> <tr> <td>Disabled under the Equality Act: Day-to-day activities limited a little</td> <td>31,136</td> </tr> <tr> <td>Not disabled under the Equality Act</td> <td>335,867</td> </tr> <tr> <td>Not disabled under the Equality Act: Has long term physical or mental health condition but day-to-day activities</td> <td>21,978</td> </tr> <tr> <td>Not disabled under the Equality Act: No long term physical or mental</td> <td>313,889</td> </tr> </tbody> </table> <p>Employment rates for disabled people, across all ages, are significantly lower than those of non-disabled people.</p> <p>The employment of disabled people 2021 - GOV.UK (www.gov.uk)</p> <p>In 28% of Council Tax Support claims either the claimant or partner are disabled and neither are in work, and 3% of claims are classified as disabled working claims meaning either the claimant or partner are disabled and either are in work.</p> <p>(Source: Croydon Council Tax Support Scheme EQIA, 2023)</p>	Disability	Croydon	Total: All usual residents	390,719	Disabled under the Equality Act	54,852	Disabled under the Equality Act: Day-to-day activities limited a lot	23,716	Disabled under the Equality Act: Day-to-day activities limited a little	31,136	Not disabled under the Equality Act	335,867	Not disabled under the Equality Act: Has long term physical or mental health condition but day-to-day activities	21,978	Not disabled under the Equality Act: No long term physical or mental	313,889
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Sex	<p>The Revenue Budget and Council Tax Levels 2024-25 are unlikely to have any impact on this protected characteristic group that is greater than any other resident unless a service is utilised by one sex more than another.</p> <p>A separate EQIA has been completed in relation to fees and charges (which were presented to Cabinet on 6 December 2023). The change in fees is unlikely to have any impact on this protected characteristic group that is greater than any other resident.</p>		<p>203,000 (51.9%) residents in Croydon are female and 187,600 are male (48.1%).</p> <p>(Source 2021 Census)</p> <p>Of 16,260 Council Tax Support single claims by females, 11,795 are from working age claimants and of the 6,263 male claims 4,187 are working age.</p> <p>(Source: Croydon Council Tax Support Scheme EQIA, 2023)</p>
Gender reassignment/identity	<p>The Revenue Budget and Council Tax Levels 2024-25 are unlikely to have any impact on this protected characteristic group that is greater than any other resident.</p> <p>A separate EQIA has been completed in relation to fees and charges (which were presented to Cabinet on 6 December 2023). The change in fees is unlikely to have any impact on this protected characteristic group that is greater than any other resident.</p>		<p>According to the ONS Census 2021, of all the Croydon residents aged 16 years and over who responded, 91.6% stated that their gender identity was the same as their sex registered at birth.</p> <p>7.5% of those who responded did not answer the gender identity question.</p> <p>Only 0.9% stated that they had a different gender identity.</p>

<p>Marriage or Civil Partnership</p>	<p>The Revenue Budget and Council Tax Levels 2024-25 are unlikely to have any impact on this protected characteristic group that is greater than any other resident.</p> <p>A separate EQIA has been completed in relation to fees and charges (which were presented to Cabinet on 6 December 2023).</p> <p>The changes in registrars' fees may negatively impact residents based on their intention of entering into marriage or civil partnership. However, the cost of an average wedding is approximately £17,000, therefore the impact of a change in registrars fees is considered to be minimal in comparison to these other potential costs associated with getting married/having a Civil Partnership.</p> <p>The Council offers different burial plots which could be purchased more by people in this protected characteristic group (e.g. double plot may be more popular with those residents that are married or in a civil partnership). However, the fee increase is consistent and therefore there is no impact considered for this protected characteristic.</p>		<p>The borough data on marital status is as follows:</p> <ul style="list-style-type: none"> • 32.8% Married • 34.1% Single • 8.5% Divorced or Separated • 3.7% Widowed • 20.6% No response to question <p>493 people were registered in a same sex civil partnership. 279 people were registered in an opposite sex civil partnership.</p> <p>(Source: Census 2021)</p> <p>4107 (15%) claims of Croydon's Council Tax Support Scheme current case load are those made by couples, the remaining 22,559 (85%) are from single claimants.</p> <p>Whether or not the couples are married or in a civil partnership, or are unmarried partners does not affect the way the claims are calculated. We do not hold specific details regarding if a couple are married or not as we do not ask that specific question in our application form, rather if they have a partner.</p> <p>(Source: Croydon Council Tax Support Scheme EQIA, 2023)</p>
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<p>Religion or belief</p>	<p>The Revenue Budget and Council Tax Levels 2024-25 are unlikely to have any impact on this protected characteristic group that is greater than any other resident.</p> <p>A separate EQIA has been completed in relation to fees and charges (which were presented to Cabinet on 6 December 2023).</p> <p>The changes in bereavement fees may impact residents based on their religion or belief. However, the fee increases are in line with CPI inflation (with rounding for practical purposes) or below CPI inflation and the percentage change between burial and cremation is consistent. Therefore, no impact is anticipated for this protected characteristic group.</p> <p>In relation to registrars' fees, marriage rates may vary by religious groups and therefore it could be suggested that the change in fee would impact this group more. However, and as set out above, the registrars fee is a small proportion of the cost of the average wedding and therefore the change is considered to have minimal impact.</p>		<p>The predominant religion of Croydon is Christianity. According to the 2021 census, the borough has over 190,880 Christians (48.9%), 40,717 Muslims (10.4%) and 23,145 Hindu (5.9%) residents.</p> <p>101,119 (25.9%) Croydon residents stated that they are atheist or non-religious in the 2021 Census.</p> <p>6.9% did not answer the question on religion.</p>
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<p>Race</p>	<p>The Revenue Budget and Council Tax Levels 2024-25 may have an impact on this protected characteristic group that is significantly greater than any other resident.</p> <p>Residents who identify as Black are the largest group in receipt of Council Tax support (although nearly half of recipients have not declared).</p> <p>Residents that are in receipt of 100% council tax reduction will not be impacted by the increase in council tax. The increase in council tax will impact those in receipt of partial reduction for their council tax.</p> <p>A separate EQIA has been completed in relation to fees and charges (which were presented to Cabinet on 6 December 2023). The change in fees is unlikely to have any impact on this protected characteristic group that is greater than any other resident.</p>		<p>Broad Ethnic Group Changes in Croydon from Census 2011 to Census 2021</p> <table border="1" data-bbox="1464 183 2128 359"> <thead> <tr> <th></th> <th>White</th> <th>Black</th> <th>Asian</th> <th>Mixed</th> <th>Other</th> </tr> </thead> <tbody> <tr> <td>2011</td> <td>55.1 %</td> <td>20.2 %</td> <td>16.4 %</td> <td>6.6%</td> <td>1.8%</td> </tr> <tr> <td>2021</td> <td>48.4 %</td> <td>22.6 %</td> <td>17.5 %</td> <td>7.65</td> <td>3.9%</td> </tr> </tbody> </table> <p>In 2021, 22.6% of Croydon residents identified their ethnic group within the "Black, Black British, Black Welsh, Caribbean or African" category, up from 20.2% in 2011. The 2.5 percentage-point change was the largest increase among high-level ethnic groups in this area.</p> <p>Across London, the percentage of people from the "Black, Black British, Black Welsh, Caribbean or African" ethnic group increased from 13.3% to 13.5%, while across England the percentage increased from 3.5% to 4.2%.</p> <p>In 2021, 48.4% of people in Croydon identified their ethnic group within the "White" category (compared with 55.1% in 2011), while 17.5% identified their ethnic group within the "Asian, Asian British or Asian Welsh" category (compared with 16.4% the previous decade).</p> <p>The percentage of people who identified their ethnic group within the "Mixed or Multiple" category increased from 6.6% in 2011 to 7.6% in 2021.</p>		White	Black	Asian	Mixed	Other	2011	55.1 %	20.2 %	16.4 %	6.6%	1.8%	2021	48.4 %	22.6 %	17.5 %	7.65	3.9%
	White	Black	Asian	Mixed	Other																
2011	55.1 %	20.2 %	16.4 %	6.6%	1.8%																
2021	48.4 %	22.6 %	17.5 %	7.65	3.9%																

Languages in Croydon

According to the Census 2021,

- 84.0% of the residents who can speak in Croydon speak English as their first language.
- 7.8% speak a European language.
- 6.3% speak an Asian language.

Where a Council Tax Support Scheme claimant has provided their race this has been recorded and the current caseload is broken down as follows:

	Number	% of caseload
Asian or Asian British: Bangladeshi	162	1%
Asian or Asian British: Indian	387	1%
Asian or Asian British: Pakistani	546	2%
Asian or British : Any other Backgrnd	571	2%
Black-Black British:African	2098	7%
Black-Black British:Caribbean	2426	8%
Black-Black British:Other	2433	8%
Chinese	55	0%
Mixed :Any other mixed background	252	1%
Mixed: White and Asian	235	1%
Mixed: White and Black Caribbean	460	2%
White: British	4755	17%
White: Any other White background	1203	4%
Not Known	13077	46%
Total	28660	

(Source: Croydon Council Tax Support Scheme EQIA, 2023)

Sexual Orientation	<p>Our data does not identify that any of the proposed changes are anticipated to impact this protected characteristic group more than other residents with regard to the majority of services. However we are improving our data collection and usage in this area to ensure that our services pay due regard to sexual orientation.</p> <p>A separate EQIA has been completed in relation to fees and charges (which were presented to Cabinet on 6 December 2023). The change in fees is unlikely to have any impact on this protected characteristic group that is greater than any other resident.</p>		<p>According to the ONS Census 2021, of the residents aged 16 years and over who responded to the survey:</p> <ul style="list-style-type: none"> • 87.8% self-classified as Straight or Heterosexual. • 1.5% stated they were Gay. • 1.2% stated they were Bi-Sexual • 0.4% stated All other sexual orientations • 9.1% did not respond to the question <p>Within the current Council Tax Support Scheme caseload there are 4,107 claims made by couples, of those 29 are from couples where each partner is of the same sex.</p> <p>We do not ask for details of claimants' sexual orientation as part of the application process, so are unable to identify the breakdown for those who have made a single application form.</p> <p>(Source: Croydon Council Tax Support Scheme EQIA, 2023)</p>
Pregnancy or Maternity	<p>The Revenue Budget and Council Tax Levels 2024-25, including changes to fees & charges, may impact residents that are pregnant or on maternity if they are not working.</p> <p>However, additional benefits are provided for residents in this situation and therefore the proposed changes are expected to have minimal impact.</p> <p>Due regard will be taken to ensure that any proposed organisational restructures consider the impact on pregnancy/maternity through a separate equality impact assessment.</p>	The development of Family Hubs, bringing services closer to families, may provide benefit to those on maternity.	<p>There were 5,252 births in Croydon in 2020. An estimated 30,000 women lose their jobs as a result of pregnancy every year, according to the Equality and Human Rights Commission (EHRC).</p> <p>We currently have 38 active Council Tax Support Scheme claims where the claimant or partner are in receipt of maternity pay which is recorded on our system.</p> <p>We do not record if someone is pregnant at the time of application.</p> <p>(Source: Croydon Council Tax Support Scheme EQIA, 2023)</p>

Note: Data disaggregating level of service use by protected characteristic group is unavailable or available in sufficient granularity to draw conclusions in many cases. This will be explored and refined iteratively to inform mitigating strategies wherever practical to do so.

Important note: You must act to eliminate any potential negative impact which, if it occurred would breach the Equality Act 2010. In some situations, this could mean abandoning your proposed change as you may not be able to take action to mitigate all negative impacts.

See mitigations in Section 5.

When you act to reduce any negative impact or maximise any positive impact, you must ensure that this does not create a negative impact on service users and/or staff belonging to groups that share protected characteristics. **Please use table 4 to record actions that will be taken to remove or minimise any potential negative impact.**

3.2 Additional information needed to determine impact of proposed change

Table 2 – Additional information needed to determine impact of proposed change

If you need to undertake further research and data gathering to help determine the likely impact of the proposed change, outline the information needed in this table. Please use the table below to describe any consultation with stakeholders and summarise how it has influenced the proposed change. Please attach evidence or provide link to appropriate data or reports:		
Additional information needed and or Consultation Findings	Information source	Date for completion
<p>The Council’s current data collection of protected characteristics is weak in some areas and rich in others. We are currently carrying out a project to tackle this imbalance with the support of the Head of Profession for Business Intelligence and the Equalities Manager as well as analysts and services across the organisation.</p> <p>The Corporate Management Team and the Equality, Diversity and Inclusion Board are the driving force behind this work stream.</p> <p>Currently an ‘as is’ exercise is taking place to identify areas of weakness in collection that needs to be addressed. This will be followed by a ‘to be’ looking at the information across the Council that we will want to collect and how we go about doing this. Due to having to implement the new process for collection this project will take place in phases.</p>	<p>Index of Deprivation by Lower Layer Super Output Areas (gov.uk).</p> <p>Other data sources to be identified and investigated.</p>	<p>Iterative</p>

For guidance and support with consultation and engagement visit <https://intranet.croydon.gov.uk/working-croydon/communications/consultation-andhttps://intranet.croydon.gov.uk/working-croydon/communications/consultation-and-engagement/starting-engagement-or-consultationengagement/starting-engagement-or-consultation>

3.3 Impact scores

Example

If we are going to reduce parking provision in a particular location, officers will need to assess the equality impact as follows;

1. Determine the Likelihood of impact. You can do this by using the key in table 5 as a guide, for the purpose of this example, the likelihood of impact score is 2 (likely to impact)
2. Determine the Severity of impact. You can do this by using the key in table 5 as a guide, for the purpose of this example, the Severity of impact score is also 2 (likely to impact)
3. Calculate the equality impact score using table 4 below and the formula **Likelihood x Severity** and record it in table 5, for the purpose of this example - **Likelihood (2) x Severity (2) = 4**

Table 4 – Equality Impact Score

Page 180		1	2	3	Severity of Impact	3	3	6	9
		Likelihood of Impact				2	2	4	6
						1	1	2	3
					Risk Index		Risk Magnitude		
					- 9		High		
					- 5		Medium		
					- 3		Low		

Key

Equality Analysis

Table 3 – Impact scores

Note: The data to populate this table is not available to inform the Equality Impact Score. Evidence for the above is drawn from the Index of Deprivation Score for the 5% most deprived areas in the country and should not be used to draw conclusions. Further research is planned to develop a more reliable indicator. And as stated previously, fee changes were presented to Cabinet on 6 December 2023 with their own EQIA assessment, the table below represents a generic view:

The scores below have been taken on the basis of the Council Tax decision impacting on all residents, and therefore impacting on residents with protected characteristics. These scores are not intended to suggest that protected characteristic groups will be impacted more than others.

Column 1 PROTECTED GROUP	Column 2 LIKELIHOOD OF IMPACT SCORE	Column 3 SEVERITY OF IMPACT SCORE	Column 4 EQUALITY IMPACT SCORE
	Use the key below to score the likelihood of the proposed change impacting each of the protected groups, by inserting either 1, 2, or 3 against each protected group. 1 = Unlikely to impact 2 = Likely to impact 3 = Certain to impact	Use the key below to score the severity of impact of the proposed change on each of the protected groups, by inserting either 1, 2, or 3 against each protected group. 1 = Unlikely to impact 2 = Likely to impact 3 = Certain to impact	Calculate the equality impact score for each protected group by multiplying scores in column 2 by scores in column 3. Enter the results below against each protected group. Equality impact score = likelihood of impact score x severity of impact score.
Age	3	2	6
Disability	3	2	6
Sex	3	2	6
Gender reassignment	3	2	6
Marriage / Civil Partnership	3	2	6
Race	3	2	6
Religion or belief	3	2	6
Sexual Orientation	3	2	6
Pregnancy or Maternity	3	2	6

Equality Analysis

4. Statutory duties

4.1 Public Sector Duties

Tick the relevant box(es) to indicate whether the proposed change will adversely impact the Council's ability to meet any of the Public Sector Duties in the Equality Act 2010 set out below.

Advancing equality of opportunity between people who belong to protected groups

Eliminating unlawful discrimination, harassment and victimisation

Fostering good relations between people who belong to protected characteristic groups

Important note: If the proposed change adversely impacts the Council's ability to meet any of the Public Sector Duties set out above, mitigating actions must be outlined in the Action Plan in section 5 below.

5. Action Plan to mitigate negative impacts of proposed change

Important note: Describe what alternatives have been considered and/or what actions will be taken to remove or minimise any potential negative impact identified in Table 1. Attach evidence or provide link to appropriate data, reports, etc:

Mitigations

An increase in Council Tax will impact all residents who pay. It appears that there is no significant disproportionate impact on groups or individuals that share one or more protected characteristic. With regard to the increase in Council Tax there are four specific key mitigations:

- The Council's Council Tax Support Scheme for those with a low income.
- The Revenue Budget proposals include plans to continue the hardship fund set up in 2023-24 to support residents who are not eligible for Council Tax Support but who are finding it hard to pay their full increase in Council Tax.
- The dedicated information hub to [help with the rising cost of living](#) available on the Council's website.
- The Council's ethical approach to council tax collection.

Equality Analysis

With regard to the wider impact from increases in Council Tax and fees & charges, and cost of living pressures, the Council has in place various schemes to support residents who experience financial difficulty, some of whom will fall within the protected characteristic groups and may be affected by the proposed increases, to help mitigate impact. Listed below are some examples of what support is currently available, taken from a wide range of support schemes across the Council.

- The Council has a statutory duty to protect those on low, or no income, and supports with claims for Council Tax support, Housing Benefit and Universal Credit.
- Council tax discount for care leavers, single person occupier, residents with disabilities and full-time students.
- Benefits calculator, to ensure residents receive the support to which they are entitled.
- Discretionary support for residents in financial hardship, including the Household Support Fund.
- Housing Revenue Account (HRA) discretionary fund targeted for tenants that are not in receipt of housing benefit.
- Healthy Homes is Croydon Council's free energy advice service aimed at Croydon residents on low incomes, and those more vulnerable to the effects of living in a cold home (especially families with young children, older residents, and residents with pre-existing medical conditions).
- Croydon Council Money Advice Service for advice on paying your bills and debt worries. All advice is independent and confidential.
- Croydon Works to help residents into employment or to receive training to support them into work and funding of the voluntary sector to provide advice and guidance.
- Free holiday activity clubs with healthy meals for children.
- The Council in partnership with Nimbus Disability offer a discount card to all children and young people on our disability register. The card is free and is part of a national access card scheme, giving benefits and discounts to facilities and activities across the country, such as leisure, sports and fitness, cinema, etc.
- There are discounted rates for all leisure centre activities for Croydon residents with disabilities. If a disabled person needs a carer with them in order to access leisure centre services, the carer is entitled to free entry.
- Croydon Council Leisure Centres offer discounted rates for residents Seniors 60+ years and Juniors 4-15 years.

Equality Analysis

The cost of living information hub also signposts residents to a range of support provided by other organisations in Croydon, including:

- NHS Healthy Start vouchers for families.
- Free school meals.
- Support from voluntary, community and faith sector organisations.
- Support for businesses through the London Business Hub and the British Business Bank.
- CroydonPlus credit union which offers affordable ways to manage money, including savings accounts and loans.

The continuing review of Discretionary Housing Placements may impact residents, however a lack of data regarding protected characteristics means it is not currently possible to identify any impact to groups sharing protected characteristics. Further work will be undertaken by the service to improve data collection. In terms of mitigation, every household will be given the appropriate financial support or advice to help them move into alternative private rented sector accommodation.

In respect of specific proposals, it is likely that some proposals may result in new policy or service changes. In this instance each proposal will be accompanied by an equality analysis and/or consultation which will inform the final proposal and its implementation, on a case by case basis.

Equality Analysis

Complete this table to show any negative impacts identified for service users and/or staff from protected groups, and planned actions to mitigate them.

Protected characteristic	Negative impact	Mitigating action(s)	Action owner	Date for completion
Age	<ol style="list-style-type: none"> 1. Savings are proposed from placement costs for adults and looked after children. 2. Croydon Council not providing council tax reduction for young people leaving care who are placed by other Local Authorities (LAs) to live in Croydon. 3. Croydon Council not providing council tax reduction for carers with Staying Put arrangements (a young person who was previously in Croydon's care remains with their former foster carer/s after their eighteenth birthday, normally up until 21). 	<ol style="list-style-type: none"> 1. The Council will continue to meet needs and statutory duties, and the gatekeeping of such services will be governed by policy and procedures that ensure fair treatment of protected groups. A separate EQIA/s will be completed before implementation of any service changes which are proposed following review of service commissioning/contracts. 2. Targeted consultation has been carried out with young people leaving care. The impacted young people leaving care will be contacted and recommended to apply to their placing LAs for support. London LAs will be contacted to inform them of the change and recommending for them to contact their impacted young people leaving care to provide support. 3. The council is reviewing foster carer allowance arrangements and will ensure that payments for carers with Staying Put arrangements include support for Council Tax, so that foster carers already in the scheme are not disadvantaged and to support the Council's ambition to increase the take up of these arrangements. 	<ol style="list-style-type: none"> 1. Corporate Director (ASCH) and Corporate Director (CYPE) 2. Head of Payments, Revenues, Benefits & Debt 3. Corporate Director (CYPE) 	<ol style="list-style-type: none"> 1. Proposal specific EQIAs as required from 06/03/24 2. 22/03/24 3. 22/03/24

Equality Analysis

Complete this table to show any negative impacts identified for service users and/or staff from protected groups, and planned actions mitigate them.

Protected characteristic	Negative impact	Mitigating action(s)	Action owner	Date for completion
Disability	1. External factors mean some disabled residents face higher costs in areas such as energy use, which may in turn impact their ability to meet any increased Council Tax costs.	1. The Council will continue to promote access to available support (as detailed in the mitigations in section 5 above), including on the back of Council Tax bills. Potential sources of support include the Council Tax Support Scheme, Household Support Fund and the Hardship Fund.	1. Head of Payments, Revenues, Benefits & Debt	1. Ongoing.
Sex	N/A	N/A	N/A	N/A
Gender reassignment / identity	N/A	N/A	N/A	N/A
Marriage / Civil Partnership	N/A	N/A	N/A	N/A
Sexual orientation	N/A	N/A	N/A	N/A
Religion or belief	N/A	N/A	N/A	N/A
Race	1. Impact of Council Tax increase. Residents who identify as Black are the largest group in receipt of Council Tax support (although nearly half of recipients have not declared).	1. The Council will continue to promote access to available support (as detailed in the mitigations in section 5 above), including on the back of Council Tax bills. Potential sources of support include the Council Tax Support Scheme, Household Support Fund and the Hardship Fund.	1. Head of Payments, Revenues, Benefits & Debt	1. Ongoing.
Pregnancy or maternity	N/A	N/A	N/A	N/A

Equality Analysis

Table 6. Decision on proposed change

Based on the information outlined in this Equality Analysis enter X in column 3 (Conclusion) alongside the relevant statement to show your conclusion.		
Decision	Definition	Conclusion - Mark 'X' below
No major change	Our analysis demonstrates that the policy is robust. The evidence shows no potential for discrimination and we have taken all opportunities to advance equality and foster good relations, subject to continuing monitoring and review. If you reach this conclusion, state your reasons and briefly outline the evidence used to support your decision.	
Adjust the proposed change	<p>We will take steps to lessen the impact of the proposed change should it adversely impact the Council's ability to meet any of the Public Sector Duties set out under section 4 above, remove barriers or better promote equality. We are going to take action to ensure these opportunities are realised. If you reach this conclusion, you must outline the actions you will take in Action Plan in section 5 of the Equality Analysis form</p> <p>Whilst changes in fees and charges may impact in some cases, this impact is considered to be minimal as set out in the information above.</p> <p>Mitigations and adjustments are already in place to support residents that may help them manage debt or financial vulnerability detailed. This includes signposting and discretionary support.</p> <p>Service departments will need to collate data on their service users to monitor impact. Some departments will have existing service level data regarding some protected characteristics and not others. Where data does not currently exist, each service must create an action around collecting data across all protected characteristics. As data is received the EQIA should be updated, demonstrating data and evidence where change has been made.</p> <p>Residents should be provided with details of support organisations in both digital and non-digital formats</p>	X

Equality Analysis

Continue the proposed change	We will adopt or continue with the change, despite potential for adverse impact or opportunities to lessen the impact of discrimination, harassment or victimisation and better advance equality and foster good relations between groups through the change. However, we are not planning to implement them as we are satisfied that our project will not lead to unlawful discrimination and there are justifiable reasons to continue as planned. If you reach this conclusion, you should clearly set out the justifications for doing this and it must be in line with the duty to have due regard and how you reached this decision.	
Stop or amend the proposed change	Our change would have adverse effects on one or more protected groups that are not justified and cannot be mitigated. Our proposed change must be stopped or amended.	
Will this decision be considered at a scheduled meeting? MAB / Cabinet		Meeting title: Cabinet and Council Date: Cabinet: 14 February 2024; Council: 28 February 2024

7. Sign-Off

Officers that must approve this decision	
Equalities Lead	Name: Helen Reeves Date: 05/02/2024 Position: Interim Head of Strategy and Policy
Corporate Director	Name: Jane West Date: 05/02/2024 Position: Corporate Director of Resources and s151 Officer

Equality Analysis

Appendix: Deprivation data

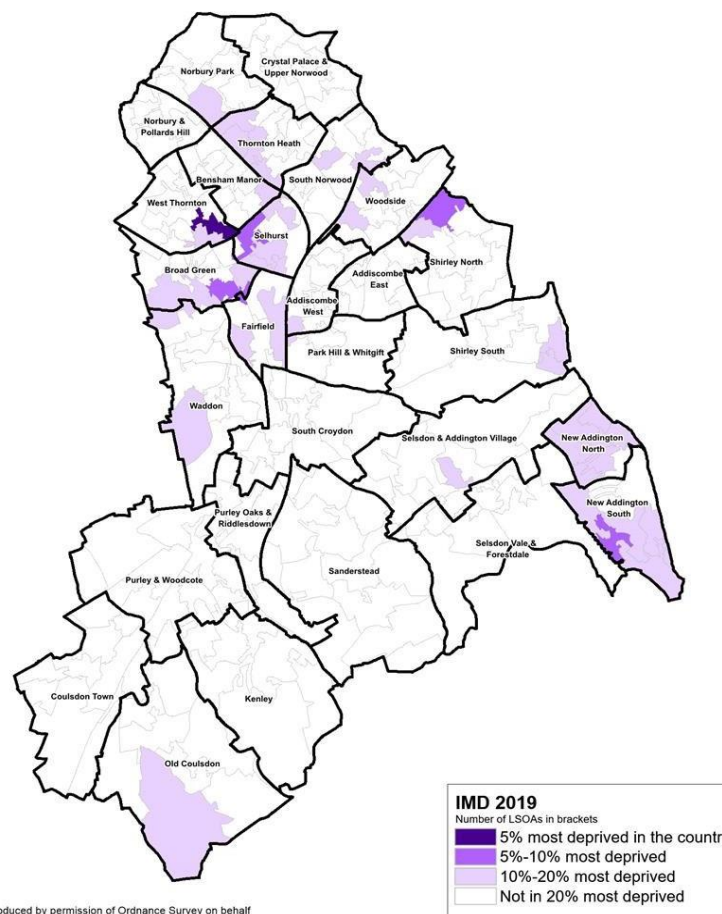
INFOGRAPHIC 1

In Croydon, 1567 people live amongst the 5% most deprived in the country (Dark Blue)

In this area,

50% are male	(Croydon 49%)
27% are 0-15	(Croydon 22%)
30% are White ethnic group	(Croydon 55%)
35% are Black / African / Caribbean / Black British ethnic group	(Croydon 20%)
24% are Asian / Asian British ethnic group	(Croydon 16%)
7% are Mixed / multiple ethnic group	(Croydon 7%)
4% are Other ethnic group	(Croydon 2%)

Indices of Deprivation 2019
Croydon Lower Super Output Areas (LSOAs)



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Equality Analysis

Appendix: Croydon Council staff data

Ethnicity							
Directorate	Any other	Asian Group	Black Group	Mixed Group	Undisclosed	White Group	Grand Total
Adult Social	0.36%	1.37%	4.95%	0.74%	2.67%	2.23%	12.31%
Assistant	0.33%	1.88%	3.35%	0.58%	2.82%	3.10%	12.06%
Children	0.61%	3.48%	8.71%	1.85%	5.94%	7.62%	28.21%
Housing	0.10%	1.37%	3.55%	0.69%	2.97%	2.13%	10.81%
Resources	0.13%	1.22%	1.80%	0.46%	1.40%	1.27%	6.27%
Sustainable	0.84%	5.92%	5.76%	1.68%	6.80%	9.34%	30.34%
Grand Total	2.36%	15.23%	28.13%	5.99%	22.59%	25.69%	100.00%

Sex					
Directorate	Female	Male	Undisclosed	Prefer to self-describe	Grand Total
Adult Social	7.39%	2.59%	2.34%	0.00%	12.31%
Assistant	6.25%	3.58%	2.23%	0.00%	12.06%
Children	17.39%	5.74%	5.03%	0.05%	28.21%
Housing	4.72%	3.63%	2.44%	0.03%	10.81%
Resources	2.77%	2.28%	1.19%	0.03%	6.27%
Sustainable	14.24%	9.93%	5.94%	0.23%	30.34%
Grand Total	52.75%	27.75%	19.17%	0.33%	100.00%

Disability				
Directorate	No	Yes	Undisclosed	Grand Total
Adult Social	10.26%	1.09%	0.96%	12.31%
Assistant	9.98%	0.84%	1.24%	12.06%
Children	23.48%	1.90%	2.82%	28.21%
Housing	9.06%	0.58%	1.17%	10.81%
Resources	5.23%	0.46%	0.58%	6.27%
Sustainable	24.75%	2.36%	3.22%	30.34%
Grand Total	82.76%	7.24%	10.00%	100.00%

Equality Analysis

Sexual Orientation							
Directorate	Bi-sexual	Gay man	Hetrosexual /straight	Lesbian/gay woman	Other	Undisclosed	Grand Total
Adult Social	0.20%	0.15%	8.89%	0.00%	0.08%	3.00%	12.31%
Assistant	0.20%	0.10%	8.66%	0.15%	0.05%	2.89%	12.06%
Children	0.71%	0.38%	20.31%	0.33%	0.18%	6.30%	28.21%
Housing	0.20%	0.20%	7.51%	0.03%	0.03%	2.84%	10.81%
Resources	0.10%	0.05%	4.52%	0.03%	0.08%	1.50%	6.27%
Sustainable	0.84%	0.74%	19.98%	0.33%	0.38%	8.07%	30.34%
Grand Total	2.26%	1.62%	69.87%	0.86%	0.79%	24.60%	100.00%

Age Range												
Directorate	20 or	21-25	26-30	31-35	36-40	41-45	46-50	51-55	56-60	61 or older	Undisclosed	Grand Total
Adult Social	0.18%	1.35%	1.35%	1.17%	1.17%	1.27%	1.07%	1.12%	0.69%	0.28%	2.69%	12.31%
Assistant	0.36%	1.85%	1.83%	1.29%	0.84%	1.04%	0.81%	0.74%	0.53%	0.18%	2.59%	12.06%
Children	0.33%	3.94%	4.95%	3.76%	2.77%	2.16%	1.90%	1.52%	0.58%	0.48%	5.81%	28.21%
Housing	0.18%	1.55%	1.83%	1.62%	1.27%	0.71%	0.30%	0.43%	0.20%	0.05%	2.67%	10.81%
Resources	0.08%	1.09%	1.02%	0.53%	0.74%	0.48%	0.33%	0.30%	0.23%	0.13%	1.35%	6.27%
Sustainable	1.14%	4.57%	4.01%	3.35%	2.59%	2.21%	2.13%	1.88%	1.37%	0.58%	6.50%	30.34%
Grand Total	2.26%	14.34%	14.98%	11.73%	9.37%	7.87%	6.55%	5.99%	3.60%	1.70%	21.60%	100.00%

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