

Scrutiny & Overview Committee Supplementary Agenda



6. **2022-23 Budget** (Pages 3 - 56)

The Scrutiny and Overview Committee is asked to consider the information to be provided with a view to, as part of the wider budget scrutiny process, forming conclusions on the deliverability and sustainability of the 2022-23 budget, as well as ensuring there is an understanding of the key risks.

Attached with this supplementary agenda are three reports due to be considered by the Cabinet at its meeting on 24 January 2022. These reports have been appended to inform the Committee's scrutiny of the 2022-23 budget. The appended reports are:-

- Appendix 1 – Financial Performance Report – Month 8
- Appendix 2 – Medium Term Financial Strategy 2022/23 to 2024/25 Update on Position
- Appendix 3 - Updated 2021/22 and Forecast General Fund Capital Programme 2022/23 to 2024/25

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REPORT TO:	Cabinet 24 January 2022
SUBJECT:	Financial Performance Report – Month 8 (November 2021)
LEAD OFFICER:	Richard Ennis, Interim Corporate Director of Resources (Section 151)
CABINET MEMBER:	Councillor Callton Young OBE Cabinet Member for Resources and Financial Governance Councillor Stuart King, Deputy Leader (Statutory) and Cabinet Member for Croydon Renewal

SUMMARY OF REPORT:

This report provides the Council's annual forecast as at Month 8 (November 2021) for the Council's General Fund (GF), Housing Revenue Account (HRA) and the capital programme. The report forms part of the Council's financial management process of publically reporting financial performance against its budgets on a monthly basis.

FINANCIAL IMPACT

The Month 8 position is currently indicating a net underspend of £1.248m against budget – this represents a £0.828m favourable movement against the Month 7 forecast. This is before taking into account further risks and risk mitigations. In total, £12.257m (Month 7 £11.777m) of further risks (of which £6.584m relates to approved MTFs savings risks) are identified but there are £11.452m (Month 7 £11.259m) of potential opportunities to mitigate the risk, these are set out in the body of the report. Section 3 details these risks and risk mitigations and further discusses the impact on the General Fund if these were to materialise.

The HRA is indicating an over spend of £1.634m (Month 7 £0.786m) against budget. This overspend is further detailed within Section 5 of the report.

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

1. RECOMMENDATIONS

The Cabinet is recommended to

- 1.1 Note the General Fund is projecting a net favourable movement of £0.828m from Month 7. Service directorates are indicating a £2.203m overspend (Month 7 £3.030m) with this being netted off as in the past seven months against the release of a one off Covid Grant (£3.451m released = 31% of the grant) confirmed to Croydon Council for 21/22 by DLUHC as part of the Local Government Finance Settlement;

- 1.2 Note that a further number of risks and compensating opportunities may materialise which would see the forecast year-end variance change and these are reported within Section 3 of this report.
- 1.3 Note the Housing Revenue Account (HRA) is projecting a £1.634m (Month 7 £0.786m) overspend for 2021/22. If no further mitigations are found to reduce this overspend the HRA will need to drawdown reserves from HRA balances. There are sufficient balances to cover this expenditure.
- 1.4 Note the capital spend to date for the General Fund of £13.271m (against a budget of £190.581m) and for the HRA of £8.128m (against a budget of £183.209m), with a projected forecast variance of £58.683m on the General Fund against budget and £110.570m forecast variance against budget for the Housing Revenue Account;
- 1.5 Note, the above figures are predicated on forecasts from Month 8 to the year end and therefore could be subject to change as forecasts are refined and new and updated information is provided on a monthly basis. Forecasts are made based on the best available information at this time.
- 1.6 Note that whilst the Section 114 notice has formally been lifted, the internal controls established as part of the S114, such as the Spend Control Panel and Social Care Placement Panels remain. Restrictions have been lifted for ring-fenced accounts such as the Pension Fund, Housing Revenue Account and Coroner's Expenditure as these are directly outside of the General Fund's control. The Spending Control Panel which was set up at the beginning of November 2020 continues to meet on a twice daily basis.
- 1.7 Note that, Croydon Borough has taken on c1000 asylum seekers who have been placed in eight hotels by the Home Office without consultation with the Council. The hotel costs are funded by the Home Office, however the Council is be responsible for further ancillary services particularly around safeguarding, public health, children & youth provision and broader community support. These additional costs, which are currently being calculated have been flagged within the unquantified risks section of this report, and could clearly result in further financial pressures for the Council.
- 1.8 Note the Council has now renegotiated a revised loan agreement with Boxpark Croydon Ltd and to date Boxpark have ensured that they have paid the Council according to the terms of the revised agreement. The Council continues to monitor this repayment and will take necessary actions in the event of delays.

2. EXECUTIVE SUMMARY

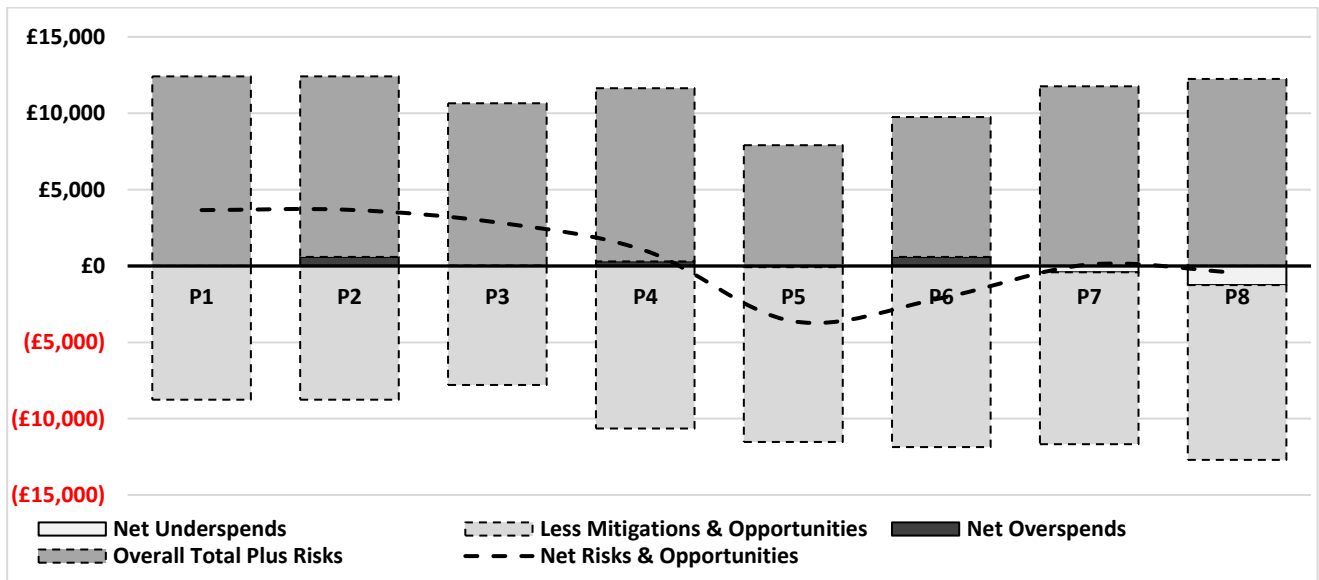
- 2.1. The Financial Performance Report (FPR) is presented to each Cabinet meeting and provides a detailed breakdown of the Council's financial position and the

challenges it faces. It covers the GF, HRA and capital programme and ensures there is transparency in our financial position, enables scrutiny by both members and the public, and offers reassurance regards to the commitment by chief officers to more effective financial management and disciplines.

2.2. The General Fund revenue projected outturn forecast has improved by £0.828m from a forecast underspend position of £0.421m in Month 7. There are a further set of risks and opportunities, which indicate a net cost of £0.805m (risks £12.257m and opportunities of £11.452m), but not yet sufficiently developed to be included in the outturn forecast. Should these materialise it will have a negative impact on the forecast.

2.3. The chart below illustrates the trend in the monthly monitoring reports and shows both the forecast as well as quantum of risks and opportunities together with the impact should all risks and opportunities fully materialise (dashed line). The trend indicates the Council will deliver within its budget plan.

Monthly Forecast, Risk & Opportunity Tracker



2.4. The Housing Revenue Account is forecasting an overspend of £1.634m (an increase of £0.848m on the Month 7 forecast of £0.786m). This projected variance impacts on HRA reserves rather than GF reserves.

2.5. The capital programme for both the General Fund and HRA is reporting expenditure to date of £21.399m against overall budget of £373.790m, with a forecast underspend of £169.253m.

2.6. The 2020/21 financial year was a very difficult year for the Council. The Council issued two Section 114 notices as the Council had insufficient resources to meet it's in year expenditure pressures.

- 2.7. Since 8th March 2021 the S114 notice has been lifted as the Council received confirmation of a Capitalisation Direction from MHCLG of up to £70m for 2020/21 and MHCLG (Now DLUHC) were minded to fund £50m for 2021/22. The latter allowed the 2021/22 budget to be set.
- 2.8. The Council has had the benefit of a number of recommendations from various stakeholders and scrutiny panels such as the external auditor's Report in the Public Interest and the Non-statutory Rapid Review by MHCLG. Their recommendations have been taken on board and the Croydon Renewal Plan has been developed which will over the medium term financial strategy period restore the Council's finances, improve culture and practices and develop a more effective system of internal control amongst other improvements to the Council.
- 2.9. This report forms part of the reporting framework on the delivery of the Croydon Renewal Plan by ensuring the delivery of the council's budget is reported monthly and transparently.
- 2.10. The Council is still working with the external auditors on finalising the 2019/2020 audit of accounts. However the 2020/2021 Outturn has now been presented to Cabinet on 12th July 2021 based around their findings and the draft accounts have also been published for 2020/2021.

3. FINANCIAL POSITION

- 3.1. The FPR shows that the Council is forecast to have a General Fund net underspend variance of £1.248m (after drawing down on £3.451m of covid-related grant monies) – a favourable movement of £0.828m on the net forecast reported at Month 7.
- 3.2. Directorate Teams and Finance colleagues meet monthly to review the forecast position for each area and including risks to reduce any overspends and identify further options to mitigate these. A list of Risks and Opportunities are provided within various tables within this section.
- 3.3. The forecast outturn position of the General Fund is shown below in Table 1.

Table 1 – Month 8 Projection per Directorate

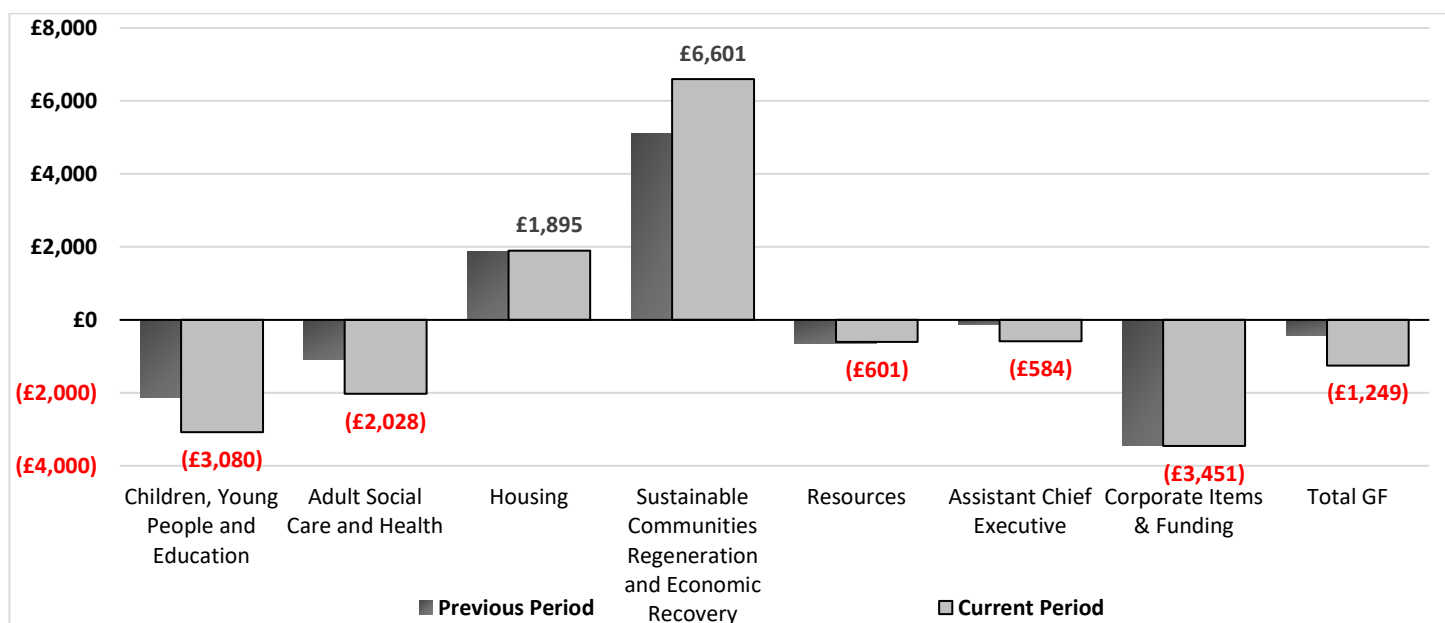
	Month 8	Month 7			
	Forecast Variance	Forecast Variance From Previous month	Change from previous month	Savings Non-Delivery	Other Pressures
	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)

Children, Young People and Education	(3,080)	(2,127)	(953)	-	(3,080)
Adult Social Care and Health	(2,028)	(1,088)	(940)	-	(2,028)
Housing	1,895	1,881	14	-	1,895
Sustainable Communities Regen & Economic Recovery	6,601	5,122	1,479	3,000	3,601
Resources	(601)	(636)	35	-	(601)
Assistant Chief Executive	(584)	(121)	(463)	-	(584)
Departmental Total	2,203	3,030	(828)	3,000	(797)
Corporate Items & Funding	(3,451)	(3,451)	-	-	(3,451)
Total General Fund	(1,248)	(421)	(828)	3,000	(4,248)

3.4. Net overspends and underspends within the service budgets are presented as forecast variance (as per Table 1), and are additionally classified as either non-delivery of agreed savings or other pressures. Non-delivery of savings relates to the non-achievement of the approved MTFs savings whilst other pressures are as a result of new and external pressures not previously provided for within the Council's 2021/2022 Budget. Further explanations of these overspends are provided within Section 4 of this report.

3.5. The chart below shows the forecast by service department for both the current and previous month:

Change in forecast position Month 8



3.6. The main areas of movement from Month 7 are as follows:

- Adult Social Care and Health £0.940m **favourable** movement due to a underspend on re-ablement cost due the continuation of the NHS Hospital Discharge Programme for Covid, improvement in needing provisions to cover legal challenge against Dorset in relation to Ordinary Residence assessment and underspends due to vacancies;
- Sustainable Communities, Regeneration and Economic Recovery **adverse** movement of £1.479m due to reported lower than expected income. There continues to be work to improve budget monitoring and reporting within the service.
- Resources £0.035m **adverse** movement, principally related to minor overspends in staffing costs across various teams.
- Housing £0.014m **adverse** movement due to slight increase in Temporary Accommodation spend.
- Children Young People and Education indicating an overall £0.953m **favourable** movement due to further reductions within the placement spend as part of the ongoing work to reduce costs without impacting on service delivery to clients.

Further details can be found in section 4 of this report.

Risks and Risk mitigations

- 3.7. As mentioned within paragraph 3.1 the forecast has been reported excluding further potential risks and risk mitigations. Risks and risk mitigations are split into quantified and unquantified items.
- 3.8. As with the forecast set out in Table 1 risks are separately reported for those elements that relate to potential under-delivery of approved savings, and those that are new and not directly related to agreed savings plans.
- 3.9. Table 2a below provides for details of MTFs savings at risk with a brief commentary of the projects that are at risk of delivery and Table 2b provides a list of quantified and unquantified other risks. The savings are subject to a separate assurance process involving both the Chief Executive and the Corporate Director of Resources (Section 151) meeting with the directorates and the Director of policy and programmes. The most recent of these was in early December.
- 3.10. These meetings identify savings at risk and mitigations for both the current and future years. Where risks are quantified currently, these are based on high level information and directorate experiences of the service. Parking Savings continue to be an issue due to further considerations of the March Budget

decisions and therefore with 8 months of the year now passed it is likely these specific savings will not be delivered in full.

3.11. The rest of the services are sufficiently confident in being able to manage or mitigate these risks that they are not included as part of the present forecast year-end position. However, the figure has been provided to indicate to Cabinet the likely financial impact on the budget and therefore the need to take action to deal with the risk should they materialise.

Table 2a – MTFS Savings Risk

MTFS Savings Ref	MTFS Savings Description	Savings at risk	Savings at risk	Change From Prior Month
		(£,000's)	(£,000's)	(£,000's)
CFE Sav 09a	Review Children's Centres Delivery Model	359	165	194
CFE Sav 12	Early Learning Collaboration Contract	0	82	(82)
Children, Young People and Education Total		359	247	112
Adult Social Care and Health Total		0	0	0
Housing Total		0	0	0
PLA Sav 24	Parking charges increase 30p/30min	2,000	2,000	0
PLA Sav 10	ANPR camera enforcement	3,135	2,025	1,110
Sustainable Communities Regen & Economic Recovery Total		5,135	4,025	1,110
Resources Total		0	0	0
COR Sav 17	Fees and Charges Reviews	1,000	1,000	0
Corporate Items & Funding Total		1,000	1,000	0
RES SAV 23	CDS Extensions or procurements of core IT contracts	80	0	80
RES SAV 24	CDS Reduction in IT contract costs due to LBC smaller workforce	10	0	10
Assistant Chief Executive Total		90	0	90
Total Savings at Risk		6,584	5,272	1,312

Data above taken from Savings Tracker 20th December 2021

- 3.12. Table 2a indicates that there are potential £5.673m worth of MTFs savings (£6.505m in Month 7) that may not be achieved, however services are currently carrying out further work to ensure these can be delivered or otherwise be mitigated. So far no specific mitigations have been fully identified. Large proportion of the £5.673m risk relates to non-achievement of additional parking income due to demand for parking spaces still being impacted by changed resident behaviour following Covid-19, and downward pressures on demand for a range of services where the Council anticipated further income from increasing fees and charges.
- 3.13. These savings are reviewed on a monthly basis. If these savings are deemed to be definitely non-deliverable they will be factored into the monthly forecast and incorporated into the forecast outturn position provided in Table 1. The services have been instructed to find mitigations for all savings that cannot be delivered to meet their budgetary total per directorate.
- 3.14. The main cause of the movement is fees and charges across all services. As a result of Covid, demand levels for services have continued to remain low and the planned increase in fees and charges will not lead to the level of income anticipated in year.
- 3.15. Section 4 gives details of all the movements between Month 8 and Month 7 and identifies any movements in delivery of MTFs savings, risks and mitigating items that are factored into the forecast assumptions.

Table 2b – Other quantifiable and unquantifiable risks

Quantified Risks	P8 £'000	P7 £'000	Details of Risk
Children, Young People and Education	160	160	£160k - Education service for schools (Covid impact on income generation)
Adult Social Care and Health	3,050	3,050	£550k - Transitions - value of late prior year payments based on 20/21 £2.5m - Adult social care operational risks
Housing	396	396	£96k - Demand for Emergency/Temporary Accommodation likely to increase.
			£300k Bad debt costs - Current arrears are increasing in 2020/21 due to lower collection rates in the first part of the year (Covid related). When this debt becomes 'former' as tenants move on then recovery rates drop to between 5% and 30%. Potential additional debt costs of £300k-£800k beyond total presented based on current calculation methods.

Sustainable Communities, Regen & Economic Recovery	1,977	2,899	£1.699m - Additional risk to income due to compliance in high ticket yield areas has increased and so put more income at risk than previously stated. A new Parking Model has been devised which has highlighted this issue and the service is using this improved model to explore any mitigation factors that can be implemented to keep the financial risk to a minimum.
			£118k – Additional historic VAT liability within Building Control due to re-calculation of Building Control income.
			£160k - Potential payment to BoxPark for their 5 th and 6 th year grant contributions. However, Council currently reviewing legal position due to default clauses within the grant agreement which the Council believes have been triggered.
Resources	90	-	There is £90k confiscation budget within corporate anti-fraud team, although there are live cases where there is a recovery prospect in excess of £90k but there is a real risk due to delays in the court system associated with COVID 19 that these amounts are not recovered in 2021/22.
Assistant Chief Executive	-	-	
Total Quantified Risks	5,673	6,505	

Un-Quantified Risks	P8 £'000	P7 £'000	Details of Risk
Children, Families and Education	-	-	Croydon Borough has taken on c1000 asylum seekers who have been placed in eight hotels by the Home Office. The hotel costs are funded by the Home Office, however the Council will be responsible for further ancillary services particularly around safeguarding, public health, children & youth provision and broader community support. These additional costs, which are being worked out and have been flagged within unquantified risks, could result in further pressures for the Council. The Council is modelling the potential impact and will report the position in P9.
Adults, Health and Social Care	-	-	TBC - Impact of long Covid which will create additional placement pressures
	-	-	TBC - Potential impact of cold and flu pressures in the winter.

	-	-	<p>TBC - Care sector pressures - The pressures in the social care sector nationally are well known. There are high levels of vacancies within the service and difficulty recruiting to the posts. This may result in providers not being able to provide care safely or within their financial envelope. Increasing utility costs is also a financial pressure. These additional pressures may lead to provider failure and the need to re-provision care with other providers which usually results in higher costs.</p>
Housing	-	-	<p>NRPF (No Recourse to Public Funds) Service is demand led. Brexit - EA Nationals in Croydon need to confirm their status and apply for the correct legislation to continue to receive benefit payments, if this is not actioned they will revert to NRPF</p> <p>NRPF (No Recourse to Public Funds) Service is demand led. Mental Health/CCG - expensive care placements, due to some cases having a criminal element it takes longer for the HO to make a decision resulting in a longer placement</p>
	-	-	<p>Bad debt provision to cover risks of non-payment of outstanding rents is included within the current forecast for Temporary accommodation however COVID impact may increase the % levels of bad debt</p>
	-	-	<p>SEN PRESSURE Travel Training was suspended until September 2021 due to Covid, and we are currently working through the backlog of students who would otherwise have transitioned off traditional home to school transport, onto being able to travel independently.</p> <p>Addington Valley Academy additional students, Single students attending schools, Changes to contractors providing services in year, due to performance issues</p> <p>In addition pressures related to a national shortage of drivers and covid related staff shortages are putting additional pressure on the budget.</p>
Sustainable Communities Regen & Economic Recovery	-	-	<p>TBC - Waste Collection and Street Cleansing Contract - Income Risk to Commercial Waste Income Collection in 20/21 due to COVID & 21/22 - under commercial dialogue with Veolia</p>

Resources	-	-	Insurance and Risk - forecast to budget on basis that schools income pressure can be mitigated by reduction in premiums and claims.
	-	-	Revs and Ben Income - There are streams of income budget across this service such as Land charges, Court cost and Bailiff - current forecast are based on the assumption that the trend of income received to date continues or in the case of Land charges that it's income which is mostly based on the number of new build registered with the council etc. continue as it is in the last 2 months. There is the possibility that these trends could change there by resulting in risk/ opportunities.
	-	-	Legal Recharges. Risk that legal internal recharges forecast is too high. This is currently being followed up and investigated. Risk that internal legal recharges income does not match the legal recharges expenditure forecast by services charged
	-	-	Unreconciled holding accounts for BIDS, HR Staff Loans and P-Cards. Risk that holding accounts will not be able to be reconciled and some balances transferred as pressures into forecast
	-	-	TBC - Further commercial tenants are not able to pay rental income and will need to be written off, or will give notice on leases
	-	-	Risk that utilities in - year costs will be higher than forecast. Also risk that schools utilities debts will not be recovered and covered by bad debt provision
Corporate Items & Funding			None
Assistant Chief Executive	-	-	CDS - There is the risk of increased contract cost due to delays in receiving actual invoices and there are also outstanding contractual queries around End user service volumes as they are not reducing as anticipated.
	-	-	Coroners - risk that Croydon's contribution to the Coroners service will increase beyond the current forecast
Total Un-Quantified Risks			

3.16. Table 3 provides a list of quantified and unquantified risk mitigations. These are potential risk mitigations that will require further assurance to be included within the forecast. Services managers have identified these as potential mitigations to the risks identified Tables 2a and 2b. Any additional risk mitigations also help the overall financial position of the Council as these would help generate a

larger underspend that can be put away into reserves to support future MTFS gaps.

Table 3 - Quantifiable and unquantifiable opportunities

Quantified Opportunities	P8 £'000	P7 £'000	Details of Opportunities
Children, Young People and Education	(1,307)	(1,307)	Transformation funding approved for a number of MTFS savings programme projects, these include: 1. Reconfiguration of Early Help Services 2. Review of Children with Disabilities Care Packages 3. Reduction in the Numbers of Children in Care 4. Improve Practice System Efficiency Potential for further reductions within Placement Costs due to ongoing review of in year and historic costs.
Adult Social Care and Health	(1,377)	(1,307)	Positive impact of health funding and Scheme 4 Covid funding on care packages. This is part of continuation of Hospital Discharge Programme funding until March 22 from NHS.
Housing	(396)	(396)	Property acquisition coming into HRA portfolio will allow tenants in nightly paid accommodation to move onto Assured Shorthold Tenancies and reduce the impact of rising demand. This addresses the £210k of risk from homelessness demand shown but will be unlikely to impact the forecast as shown.
Sustainable Communities Regen & Economic Recovery	0	0	None
Resources	(200)	(200)	£200k - FIR - There is the probability that the court cost income raised could be higher than what is currently being forecast.
Assistant Chief Executive	(373)	(250)	£250k - CDS - Opportunity of greater under budget from Digital Advertising Income.
			£123k - CDS - Opportunity of reduction in payment to key contractors.
Corporate Items & Funding	(7,799)	(7,799)	Potential reduced spend against the Covid Grant
Total Quantified Opportunities	(11,452)	(11,259)	

Un-Quantified Opportunities	P8 £'000	P7 £'000	Details of Opportunities
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Children, Young People and Education	-	-	TBC - Corporate distribution of contact inflation and staffing budget deficits for 0.75% 2020/21 pay award and pension employer contribution
	-	-	WIP - Placement costs – validation of growth approved currently being completed
	-	-	WIP - CSC establishment review coming to a conclusion and is expected to realise sufficient savings to mitigate against savings at risk due to delay in completion of the respective MTFS delivery plans
	-	-	WIP - Transformation funding approved for a number of MTFS savings programme projects
Adult Social Care and Health	-	-	None
Housing	-	-	TBC - Leases – renegotiate the lease. Need to confirm the numbers due to expire this financial year
	-	-	TBC - Review of under occupied tenancy
Sustainable Communities Regen & Economic Recovery	-	-	None
Resources	-	-	None
Assistant Chief Executive	-	-	The council has received Control Outbreak Management Fund grant. Council have carried out work on the conditions of the grant and have understood how this can be applied. Further work will done to allocate funding to meet the grant conditions.
Corporate Items & Funding	-	-	None
Total Un-Quantified Opportunities			

3.17. As at Month 8, if all risks and risk mitigations were to materialise, along with the forecast reported in Table 1 the General Fund would overspend by £0.308m (Table 4), however some of the risks and mitigations will need further refining

and validating to confirm the likelihood of them materialising. The situation will be clarified as the year progresses and the monthly budget reports show more detail on the patterns of income and expenditure and the longer term impact of Covid on Council services becomes clearer. Service managers have been instructed to identify and implement mitigations to spend within their approved funding envelopes. As such compensating measures are developed the impact of the net risks is expected to decline. Successful examples of this are the reduced risks and increased opportunities.

- 3.18. A number of the projected variances or risks relate to the continued impact of the Covid pandemic which we hope would ease towards the back end of the financial year. In particular parking and traffic income continues to be affected for which part grant compensation is only receivable for the first quarter of 2021/22. Other pressures such as SEN costs (with no grant funding) have been impacted in delays in delivering travel training to clients thus impacting on transport cost pressures.
- 3.19. There are however areas where budgets will need to be reviewed with a view to being rebased as they were not adjusted as part of the right sizing of budgets in the 2021/2022 budget setting. Two significant areas that will need to be reviewed before budget setting in 2022/2023 are SEN transport costs, and costs relating to Emergency and Temporary accommodation. Additional costs arising will need to be funded from within the existing Council wide budget envelope.

4. SERVICE VARIANCE DETAIL

4.1. Children, Young People and Education (CYPE)

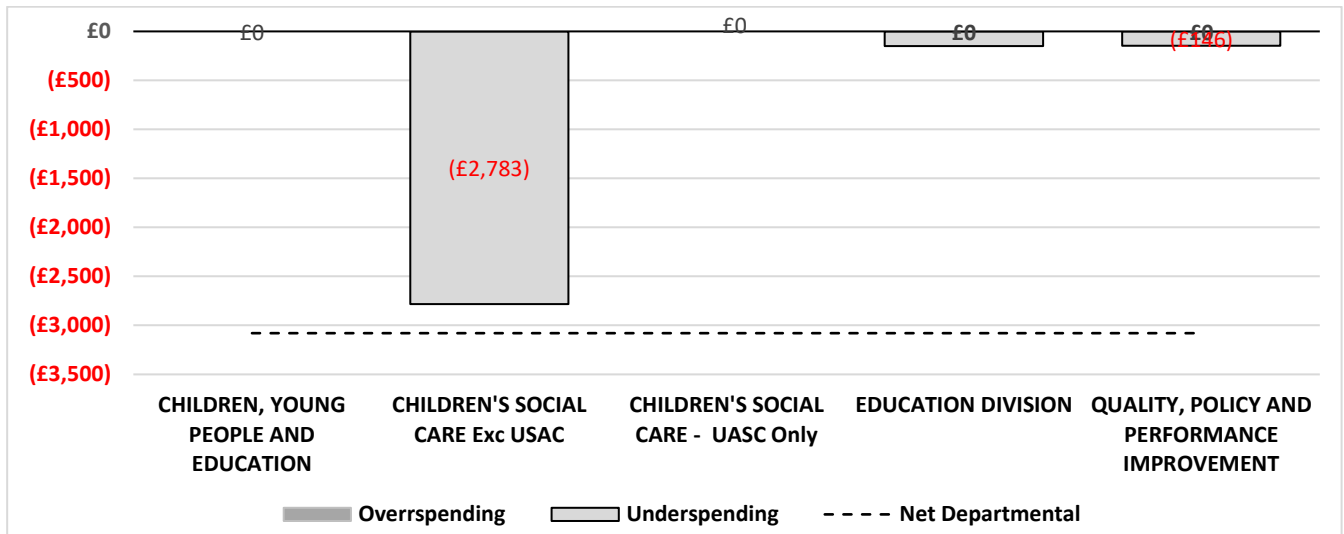
The CYPE directorate is forecasting a £3.080m underspend for Month 8 (favorable movement of £2.127m from Month 7) within the directorate.

The main cause of this is due to underspends in relation to under 18 placements and 18+ leaving care placement which have been realised as part of the recent review, and underspend on staffing within social care.

There are £0.359m of MTFS Savings at risk at Month 8. There are opportunities identified of £1.307m.

The following chart illustrates the divisional forecast variances within Children young People and Education:

Divisional View of Children Young People & Education Forecasts



4.2 Adults Social Care and Health Social Care (ASCH)

The ASCH directorate are forecasting an under spend of £2.028m (a favourable movement of £0.940m from Month 7).

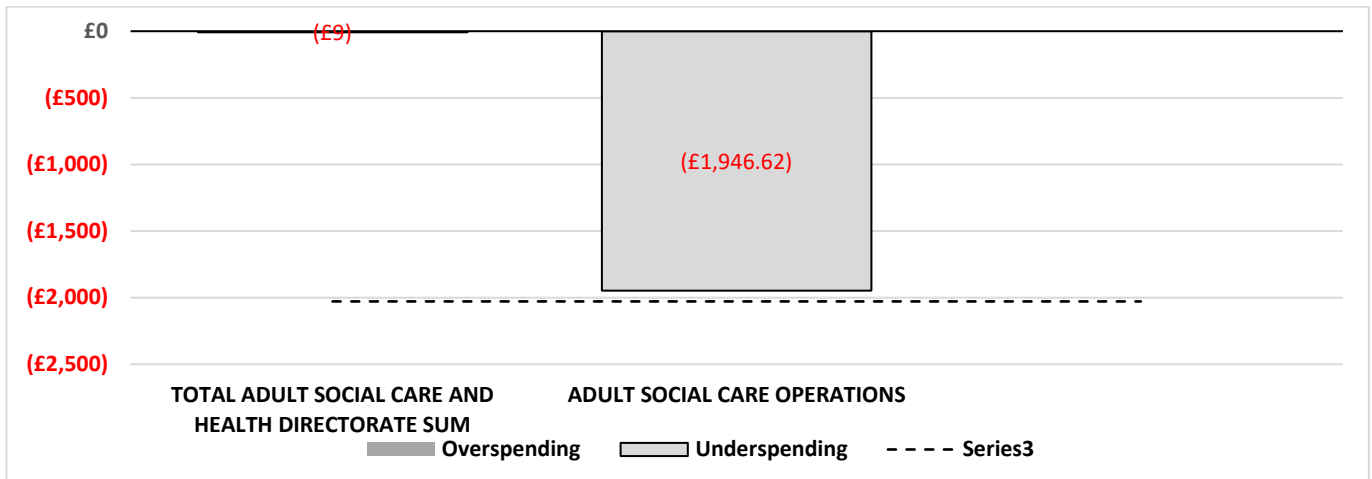
Last month we reported that the main cause of this favourable movement is due to an under spend on re-ablement costs due to the continuation of the NHS Hospital Discharge Programme for covid (£0.513m) and underspends due to vacancies. This has continued and in further improvements have been generated, however the largest item that has resulted in the significant improvement to Month 7 is the reduction of legal liability provision in relation to an ordinary resident case.

Whilst the directorate is showing an under spend, Table 2b identifies a further £3.050m of potential additional risks. Of the risks identified £0.550m that relate to transitions of children social care clients to adult services have not moved since the last report and still remain the same and new risks of Adult social care operational risks have also been identified.

There are no MTFS savings at risk of delivery, however further unquantified risks due to long Covid have been identified at Month 8. There are opportunities identified of £1.377m, an improvement of £0.070m.

The following chart illustrates the divisional service forecast variances within Health, Wellbeing and Adults:

Divisional View of Adult Social Care and Health Forecasts



4.3 Housing

Housing Directorate is forecasting an over spend of £1.895m. This is an adverse movement of £0.014m to the projection reported at Month 7.

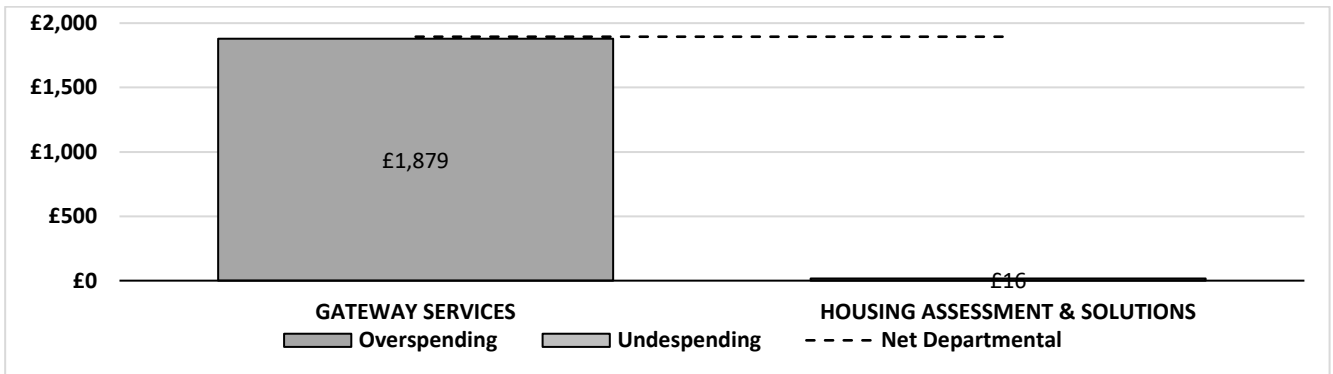
The main cause of this movement relates to projected cost and demand increases within the Emergency and Temporary Accommodation services. Demand for Emergency Accommodation is assumed to increase due to the negative economic after effects of Covid-19. Furthermore, this is also likely to impact the need to maintain a sufficient level of bad debt provision to cover risks of non-payment of outstanding rents which have accumulated over past 18 months.

Furthermore the service has identified £0.396m of other risks relating to potential further temporary accommodation pressures emerging. Further work will be done to ensure the bad debt risks are minimised and that the risk does not materialise.

There are no MTFS savings at risk of delivery, however further unquantified risks due to housing demand pressures and income collections risks have been identified. There are opportunities identified of £0.396m. Additional grant funding of £1.51m has been received from Government to tackle homelessness through prevention work. This grant comes with significant conditions in terms of its usage and the service are working to apply the grant as per the conditions and whether it can be applied towards reducing in year pressures. However, due to the time taken to mobilise prevention work it is felt that this funding will not benefit the Council in the current year but will support future year homelessness costs.

The following chart illustrates the divisional forecasts within the department:

Divisional View of Housing Forecast



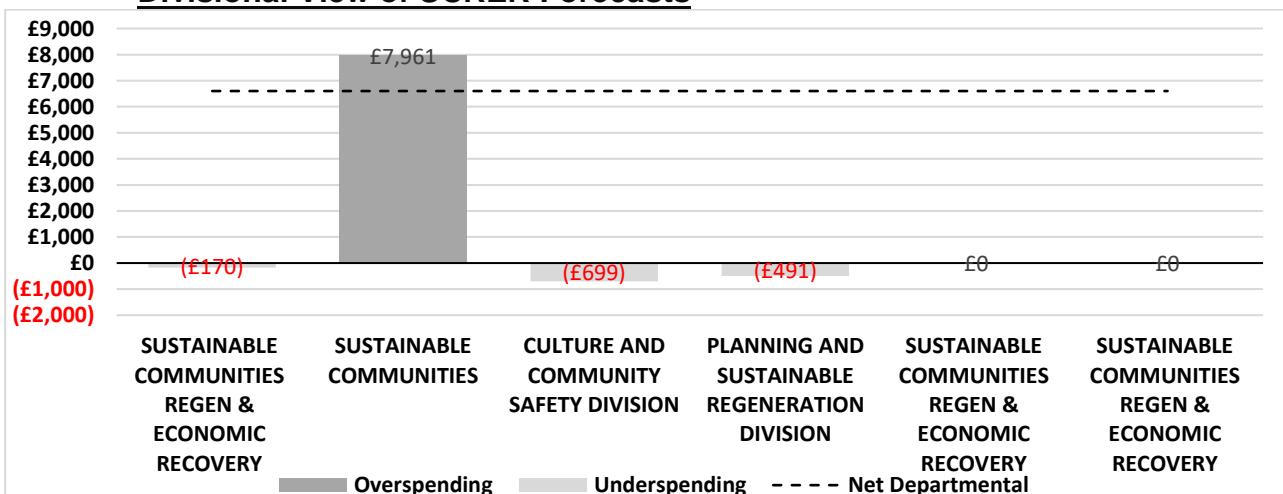
4.4 Sustainable Communities Regeneration & Economic Recovery (SCRER)

The SCREC directorate is forecasting a net overspend of £6.601m (an **adverse** movement of £1.479m from Month 7). The pressures continue to be around Highways (including Parking Services), SEN Transport and Environmental services.

In addition to the forecasted overspend with the SCRER directorate have provided for further risks as indicated in Table 2a and 2b. These risks include £5.135m of MTFS Savings risks and £1.977m for other risks. MTFS savings risks relate to the fall in Pay & Display parking income and income generated from new and existing ANPR Camera enforcement activity. Additional, risks have been identified mainly around loss of parking income and compliance in high risk yield areas and a potential claim in relation to the waste disposal contract.

There are no further opportunities identified by the SCRER directorate. The following chart illustrates the nature of the overall SCRER Directorate forecast position by Division:

Divisional View of SCRER Forecasts



4.5 Resources

The Resources directorate is forecasting a underspend position of £0.601m (underspend £0.636m in Month 7). This is a net position after factoring all budgeted income and expenditure within the directorate.

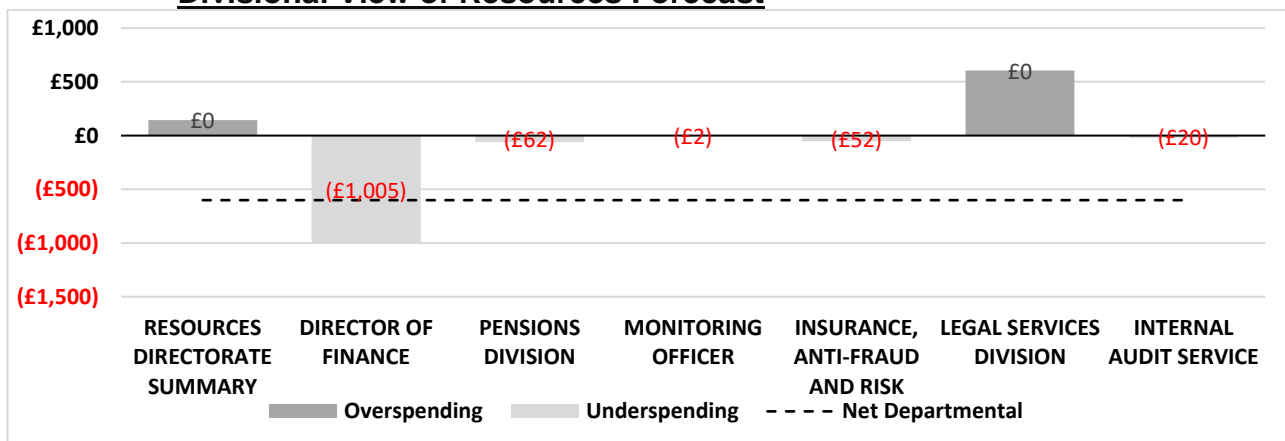
The main reasons for this underspend relate to better than projected collection of court cost income in relation to Revenue & Benefits activities and various staffing related underspends. Main causes of staff related underspends are for vacancies not being filled.

Further work on unquantified risks that had been identified is ongoing and whilst they may still materialise work is ongoing to try and work to mitigate these as we progress through the financial year.

Resources have identified further £0.200m of opportunities which would arise from recoupment of court costs in relation to our Revenues and Benefits service.

The following illustrates the split of the overall departmental forecast at a divisional level:

Divisional View of Resources Forecast



4.6 Assistant Chief Executive

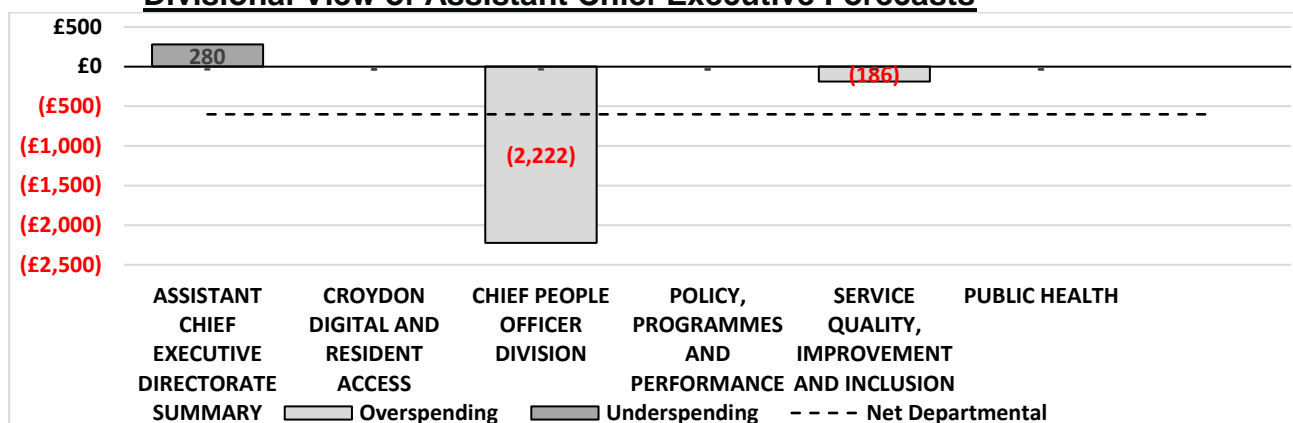
The ACE directorate is forecasting a underspend position of £0.584m (underspend £0.121m in Month 7), an improvement of £0.463m. This is a net position after factoring all budgeted income and expenditure within the directorate.

The main reasons for this underspend relate to various staffing related underspends and identification of grant monies that can be applied within the current financial year. These grants includes usage of Brexit funding and drawdown of Community Fund grants. Main causes of staff related underspends are for vacancies not being filled.

The directorate however now expects that £0.090m of IT contract related MTFS Savings will now not be achieved, however ACE have identified further £0.373m (£0.250m in Month 7) of opportunities which would arise from increased income from digital advertising.

The following illustrates the split of the overall departmental forecast at a divisional level

Divisional View of Assistant Chief Executive Forecasts



4.7 Corporate

The Council received a non-fenced grant of £11.250m from Central Government in relation to additional costs that may be incurred in the current financial year as a result of Covid 19 and was announced in the December Local Government Finance Settlement. Any costs incurred by directorates are expected to be met from existing service budgets and the grant is available to meet any additional service costs over expenditure. Where practicable additional costs including lost income arising from Covid will be identified and reported separately in future reports. The forecast General Fund variance of £2.203m is currently offset by utilizing £3.451m of this grant.

Currently all pressures within services have been identified within the forecast and risks and therefore we believe that the remaining of the £11.250m of Covid funding, which is £7.799m will be used to offset the additional risks.

The cost of financing the capital programme is retained corporately. This is still being reviewed and an updated position will be provided in Month 9, however we do not anticipate any pressures to arise from these budgets.

MTFS savings of £1m relating to fees and charges have been identified. As a result of Covid, demand levels for services have continued to remain low and the planned increase in fees and charges will not lead to the level of income anticipated in year.

4.8 Table 4 below summaries the overall positions:

Table 4 – Summary – Month 8 with Month 7 Comparator

	Month 8	Month 7	Variance
	(£,000's)	(£,000's)	(£,000's)
Table 1 - Forecast	(1,248)	(421)	(828)
Table 2a - MTFs Savings Risk	6,584	5,272	1,312
Table 2b - Quantifiable Risks	5,673	6,505	(832)
Table 3 - Quantifiable Opportunities	(11,452)	(11,259)	(193)
Total	(443)	97	(541)

5 Housing Revenue Account (HRA)

5.1 Table 5 provides a summary of the HRA Month 8 monitor, which is currently indicating a £1.634m overspend (Month 7 £0.786m). The HRA is a self-financing ring-fenced account and will need to ensure it remains within the resources available, taking into account levels of HRA reserves. The adverse movement from the Month 7 forecast is largely due to a reassessment of likely disrepair liabilities, but there are also pressures in relation to responsive repair costs and large numbers of garage voids.

5.2 The Housing account has incurred significant disrepair settlement costs over the past month and due to legislative change and staff constraints these costs are projected to increase. The new forecast is based on an assessment of likely case settlement during the remainder of this financial year. In addition, the HRA continues to experience loss of income from garage rent along with increased demand for responsive repairs. The forecast overspend reported in Table 5 can be contained within HRA reserves provisionally forecast at £27.6m as at 31st March 2021.

Table 5 – Housing Revenue Account (HRA) at Month 8

SERVICES	Projected Variance For Month	Variance For Previous Month	Change From Previous Month	Explanation of Variance
	£'000	£'000	£'000	
Responsive Repairs and Safety	1,391	492	899	Increase in Legal & compensation payments by £518k in the period forecast due to disrepair claims. This is coupled with additional demand for responsive repairs on occupied and void properties.
Asset Planning and Capital Delivery	(857)	(697)	(161)	Vacancies within the service which has resulted in less expenditure than budgeted.

Allocations Lettings and Income Collection	469	289	180	Due to disrepair, garages remain void and this is impacting on income achievable from renting them.
Tenancy and Resident Engagement	55	124	(69)	Review of outstanding Purchase Order commitments on systems has resulted in some commitments being closed off as no longer needed.
Homelessness and Assessments	250	250	(0)	Overspend on costs combined with a high level of voids based on 20/21 outturn
Directorate & Centralised costs	327	327	(0)	Overspend on senior management budget due to additional resources needed to resolve various HRA delivery issues.
	1,634	786	848	

5.3 Further work in taking place within the Housing and Legal service to address the number of outstanding disrepair claims. This could have a further impact on the HRA budget in 22/23 if it transpires that additional compensation and legal costs are due to tenants.

6 Capital Programme as Month 8

6.1 The General Fund and HRA capital programmes have currently spent a gross £54.73m to the end of the month 8 against approved budgets of £373.790m. Forecast spend is £204.536m resulting in a forecast variance of £169.254m. Actuals to date are still impacted by accruals brought forward from 2020/2021 which have yet to be invoiced and do not take into account accruals for works so far completed due to delays in when suppliers send in their payment requests.

6.2 The table below summarises the capital spend to date by directorate with further details of individual schemes provided in Appendix 2.

Table 6 – Capital Programme

Department	Revised Budget 2021/22 (including approved slippage from 2020/21)	Actuals 2021/22 as at Month 8	Forecasts 2021/22 as at Month 8	Variance
	£'000	£'000	£'000	£'000
HOUSING	4,773	356	3,393	(1,380)
ADULT SOCIAL CARE AND HEALTH	1,726	4	68	(1,658)
ASSISTANT CHIEF EXECUTIVE	20,625	1,068	11,867	(8,758)

CHILDREN, YOUNG PEOPLE AND EDUCATION	26,078	10,020	15,451	(10,627)
SUSTAINABLE COMMUNITIES REGEN & ECONOMIC RECOVERY	76,439	1,703	45,269	(31,170)
RESOURCES	9,047	119	3,456	(5,592)
CORPORATE ITEMS & FUNDING	51,893	0	52,393	500
General Fund Total	190,581	13,271	131,898	(58,683)
HOUSING REVENUE ACCOUNT	183,209	8,128	72,639	(110,570)
LBC CAPITAL PROGRAMME TOTAL	373,790	21,399	204,536	(169,254)

6.3 The variance column is projected to be slipped into the new financial year, subject to Cabinet approval at year end. Further work will be done over the coming months to review the budget provision for 2021/2022 and the review will focus on ensuring the capital budgets are properly profiled to reflect the actual delivery of various projects.

6.4 The significant slippage within the HRA Capital Programme relates to the properties that will be purchased by the Council from Brick by Brick. The Council is working with Brick by Brick and the legal team to re-assess the acquisition of the properties with the intention to review if they can be purchased in the current financial year. This will be updated in Month 9 report.

7 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

7.1 Finance comments have been provided throughout this report.

Approved: Richard Ennis – Corporate Director of Resources

8 LEGAL CONSIDERATIONS

8.1 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 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.

8.3 The monitoring of financial information is also a significant contributor to meeting the Council's Best Value legal duty and therefore this report also complies with that legal duty.

Approved by: Sandra Herbert on behalf of the interim Director of Legal Services & Deputy Monitoring Officer

9 HUMAN RESOURCES IMPACT

9.1 There are no immediate workforce implications as a result of the recommendations in this report. Any mitigation on budget implications that may have effect on direct staffing will be managed in accordance with relevant human resources policies and where necessary consultation with recognised trade unions.

Approved by: Gillian Bevan Head of Human Resources (Res and CEO)

10 EQUALITIES IMPACT

10.1 There are no specific equalities issues set out in this report.

10.2 The Council has a statutory duty to comply with the provisions set out in the Sec 149 Equality Act 2010. The Council must therefore have due regard to:

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

10.3 In setting the Council's budget for 2021/2022, all savings proposals were required to 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.

10.4 The Council's core priority is to tackle ingrained inequality and poverty and tackling the underlying causes of inequality and hardship, like structural racism, environmental injustice and economic injustice. The budget should take due regard to this objective in relation to each protected characteristic. The Borough's responsibility to asylum seekers, young people, and disabled people and families is key to this regard.

Approved by: Denise McCausland, Equalities Programme Manager, Policy Programmes and Performance

11 ENVIRONMENTAL IMPACT

11.1 There are no specific environmental impacts set out in this report

12 CRIME AND DISORDER REDUCTION IMPACT

12.1 There are no specific crime and disorder impacts set out in this report

13 DATA PROTECTION IMPLICATIONS

13.1 **WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?**

NO

13.2 **HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?**

NO, as the report contains no sensitive/personal data

Approved by Nish Popat – Interim Head of Corporate Finance

REPORT AUTHOR: Nish Popat, Interim Head of Corporate Finance

APPENDICES: Appendix 1 – Service Budgets and Forecasts
Month 8
Appendix 2 – Capital Programme Month 8

BACKGROUND DOCUMENTS: None

APPENDIX 1 – SERVICE BUDGETS AND FORECASTS MONTH 8

	Approved Budget (£,000's)	Current Actuals (£,000's)	Full-Yr Forecast (£,000's)	Projected Variance (£,000's)
C1410E : ADULT SOCIAL CARE OPERATIONS	114,242	71,352	112,295	(1,947)
C1405E : TOTAL ADULT SOCIAL CARE AND HEALTH DIRECTORATE SUMMARY	7,697	(1,139)	7,688	(9)
C1420E : ADULT SOCIAL CARE POLICY AND IMPROVEMENT	5,412	(2,272)	5,341	(72)
TOTAL ADULTS	127,351	67,941	125,324	(2,028)
C1305E : RESIDENT ENGAGEMENT AND ALLOCATIONS	14,253	3,873	16,132	1,879
C1310E : ESTATES AND IMPROVEMENT	66	234	82	16
TOTAL HOUSING	14,319	4,106	16,214	1,895
C1110E : SUSTAINABLE COMMUNITIES REGEN & ECONOMIC RECOVERY DIRECTORATE SUMMARY	(167)	721	(337)	(170)
C1120E : SUSTAINABLE COMMUNITIES	37,911	24,770	45,872	7,961
C1130E : CULTURE AND COMMUNITY SAFETY DIVISION	12,005	2,575	11,306	(699)
C1140E : PLANNING AND SUSTAINABLE REGENERATION DIVISION	2,482	1,514	1,991	(491)
TOTAL SUSTAINABLE COMMUNITIES REGEN & ECONOMIC RECOVERY	52,231	29,580	58,832	6,601
C1205E : CHILDREN, YOUNG PEOPLE AND EDUCATION	10,265	333	10,265	-
C1210E : CHILDREN'S SOCIAL CARE	78,490	38,232	74,097	(4,393)
UNACCOMPANIED ASYLUM SEEKING CHILDREN (UASC) AND CARE LEAVERS	994	2,977	2,604	1,610
C1220E : EDUCATION DIVISION - exc DSG	12,533	25,563	12,383	(150)
C1230E : QUALITY, POLICY AND PERFORMANCE IMPROVEMENT	4,935	2,519	4,789	(146)
TOTAL CHILDRENS, FAMILIES AND EDUCATION	107,217	69,624	104,137	(3,080)
C1605E : RESOURCES DIRECTORATE SUMMARY	145	275	290	145
C1610E : DIRECTOR OF FINANCE	11,272	79,776	10,267	(1,005)
C1620E : PENSIONS DIVISION	1	321	(61)	(62)
C1625E : MONITORING OFFICER	3,801	1,334	3,799	(2)
C1630E : INSURANCE, ANTI-FRAUD AND RISK	32	2,439	(20)	(52)
C1640E : LEGAL SERVICES DIVISION	766	(427)	1,371	605
C1650E : INTERNAL AUDIT SERVICE	8	72	(12)	(20)
C1690E : COMMERCIAL INVESTMENT AND CAPITAL DIVISION	19,050	4,382	18,840	(210)
TOTAL RESOURCES	35,075	88,171	34,474	(601)
C1505E : ASSISTANT CHIEF EXECUTIVE DIRECTORATE SUMMARY	(56)	505	224	280
C1510E : CROYDON DIGITAL AND RESIDENT ACCESS	13,809	17,067	13,811	2
C1520E : CHIEF PEOPLE OFFICER DIVISION	5	2,406	(218)	(223)
C1530E : POLICY, PROGRAMMES AND PERFORMANCE	7,208	5,613	6,751	(457)
C1540E : PUBLIC HEALTH	-	(3,521)	0	(0)
C1550E : SERVICE QUALITY, IMPROVEMENT AND INCLUSION	181	993	(5)	(186)
TOTAL ASSISTANT CHIEF EXECUTIVE	21,147	23,063	20,563	(584)

Appendix 2 – Capital Programme Month 8

CAPITAL BUDGETS, MONITORING AND FORECASTS - PERIOD 6	Approved Budget	Actual to Date	Forecast for Year	Variance for Year
Scheme Name	2021/22	2021/22	2021/22	2021/22
	(£,000's)	(£,000's)	(£,000's)	(£,000's)
Adults ICT	284	-	64	-220
Adult Social Care Provision	4	4	4	0
Provider Services - Extra Care	500	-	0	-500
ADULT SOCIAL CARE & HEALTH	788	4	68	-720
Disabled Facilities Grant	4,373	635	2,993	-1,380
Empty Homes Grants	400	(279)	400	0
Sheltered Housing	938			-938
HOUSING	5,711	356	3,393	-2,318
Bereavement Services	1,711	25	800	-911
Community Ward Budgets	1,616		0	-1,616
Finance and HR system	598	128	498	-100
ICT Refresh & Transformation	9,185	207	6,430	-2,755
People ICT	7,515	660	3,500	-4,015
Uniform ICT Upgrade	0	48	140	140
Members Enquiries Transformation Bid	0	0	29	29
Core Contract Procurement Transformation	0	0	470	470
ASSISTANT CHIEF EXECUTIVE	20,625	1,068	11,867	-8,758
Education – Fire Safety Works	2,057		450	-1,607
Education - Fixed Term Expansions	2,124	69	69	-2,055
Education - Major Maintenance	7,523	2,672	2,945	-4,578
Education - Miscellaneous	821	295	366	-455
Education - Permanent Expansion	403	117	425	22
Education - Secondary Estate	134	48	88	-46
Education - SEN	13,016	6,819	11,108	-1,908
CHILDREN YOUNG PEOPLE & EDUCATION	26,078	10,020	15,451	-10,627
Allotments	309		100	-209
Asset management ICT database				0
Brick by Brick programme	20,000		3,797	-16,203
Brick by Brick - Fairfield			4,000	4,000
Fixtures & Fittings FFH			574	574
CALAT Transformation	396	1	6	-390
Devolution initiatives				0
Electric Vehicle Charging Points	1,700			-1,700
Feasibility Fund	505	13	505	0

Fieldway Cluster (Timebridge Community Centre)	3,023	-121	300	-2,723
Growth Zone	8,210	25	2,500	-5,710
Grounds Maintenance Insourced Equipment	1,200		1,000	-200
Highways - maintenance programme	17,531	1,672	13,474	-4,057
Highways - maintenance programme (staff recharges)	567		0	-567
Highways – flood water management	286	85	1,076	790
Highways – bridges and highways structures	141	323	1,139	998
Highways - Tree works	0	7	89	89
Measures to mitigate travellers in parks and open spaces	73		73	0
Leisure centres equipment upgrade	628	7	628	0
Libraries Investment - General	1,914	69	300	-1,614
Libraries investment – South Norwood library	512		100	-412
Museum Archives	100			-100
Neighbourhood Support Safety Measures	50		50	0
New Addington wellbeing centre	979			-979
Parking	3,401		1,735	-1,666
Park Life	381			-381
Play Equipment	1,522		720	-802
Safety - digital upgrade of CCTV	1,559		20	-1,539
Section 106 Schemes	4,674	61	4,674	0
SEN Transport	1,289			-1,289
Signage	137		137	0
South Norwood	5	78	812	807
Kenley Good Growth			545	545
Sustainability Programme	625		60	-565
TFL - LIP	392	-516	3,884	3,492
Unsuitable Housing Fund	14		14	0
Walking and cycling strategy				0
Waste and Recycling Investment	3,116		1,558	-1,558
Waste and Recycling – Don't Mess with Croydon	1,358		1,558	200
Schemes with completion date prior to 2020/21	-158		-158	0
SUSTAINABLE COMMUNITIES, REGENERATION & ECONOMIC RECOVERY	76,439	1,704	45,270	-31,169
Asset Strategy - Stubbs Mead	3,298		250	-3,048
Asset Strategy Programme	770		23	-747
Asset Acquisition Fund	415		25	-390
Clocktower Chillers	462		50	-412
Corporate Property Programme	4,248	111	2,794	-1,454
Crossfield (relocation of CES)	-146	8	146	292
Emergency Generator (Data Centre)				0

MHCLG Code Sharing Project		-	168	168
Croydon Healthy Homes (Project code 800156)				0
RESOURCES	9,047	119	3,456	-5,591
Corporate	50,000	0	50,000	0
Transformation Spend (Flexible Capital Receipts)	1,893		2,393	500
NET GENERAL FUND TOTAL	190,581	13,271	131,898	-58,683
Asset management ICT database	155	0	372	217
Fire safety programme	5,555	307	5,555	0
Larger Homes	1,339		1,339	0
Major Repairs and Improvements Programme	35,306	7,806	28,122	-7,184
Affordable Housing Programme	31,932	15	30,051	-1,881
BBB Properties part funded by GLA and HRA RTB	108,120		0	-108,120
Special Transfer Payments	802	0	0	-802
BBB Land Transfers as Winding Up			7,200	7,200
Contribution From Revenue				0
Contribution From Reserves				0
HOUSING REVENUE ACCOUNT CAPITAL	183,209	8,128	72,639	-110,570
GROSS CAPITAL PROGRAMME	373,790	21,399	204,536	-169,253

REPORT TO:	Cabinet 24 January 2022
SUBJECT:	Medium Term Financial Strategy 2022/23 to 2024/25 Update on Position
LEAD OFFICER:	Richard Ennis, Corporate Director of Resources (S151 Officer)
CABINET MEMBER:	Councillor Hamida Ali, Leader of the Council Councillor Stuart King, Cabinet Member for Croydon Renewal Councillor Callton Young, Cabinet Member for Resources & Financial Governance

SUMMARY OF REPORT:

This report updates Cabinet on progress in delivering a balanced budget for 2022/23 and the Medium Term Financial Strategy [MTFS] over the next three years.

The Council continues to make good progress towards achieving a balanced and robust budget that takes account of delivery risk and the need to improve further the overall reserves position of the Council to give a more solid financial base on which to improve the Council's services to residents and businesses.

The report sets out the changes to the position last reported to Cabinet on 6th December 2021 and takes into account the implications following the announcement of the Provisional Local Government Finance Settlement [LGFS] announced on 16th December 2021 as well as other changes in assumptions occurring after that last Cabinet report.

A 2022/23 remaining gap of £13.151m was reported at the beginning of December, and that gap has reduced to £4.337m now – a reduction in the gap of £8.814m.

However, there are pressures relating to expected contract inflation and future pay awards, as well as emerging uncertainty around achievability of delivering on a number of savings proposals and is likely to further increase this latest gap. The Council will take a robust, constructive and appropriate approach in these respects. Emerging opportunities to reduce overall capital financing costs in part mitigate these emerging pressures, but taken collectively would, if they materialise, see the gap grow back to £11.337m. These budget de-risking items are work in progress and subject to further work and will be reported again to the February Cabinet committee ahead of full Council for budget setting in February.

Given the positive continuing delivery of the 2021/22 budget there will be a review of the Council's general un-earmarked and earmarked reserves position that will be reported and considered through both the Scrutiny and Overview and General Purposes and Audit Committees on route to Cabinet and then full Council in February.

FINANCIAL IMPACT

The remaining budget gap of £11.337m could be contained within the already approved provision for contribution to General Reserves in 2022/23 and thus the 2022/23 Budget can be balanced. Work continues to mitigate growth requests and to identify further savings opportunities / de-risk existing proposals which has the potential to close the gap still further. Any such improvement will allow the rebuilding of earmarked reserves to add further resilience to meet unforeseen future budget pressures.

1. RECOMMENDATIONS

The Leader has delegated authority to Cabinet to make the following decisions:

- 1.1 Note the latest projected MTFS Gap for the 2022/23 General Fund Revenue Budget of £4.3m, but that further pressures are likely to increase that towards £11m, but is pending further review to reduce that gap;
- 1.2 Note the positive grant settlement against the budget set out in paragraphs 3.3 to paragraph 3.23.
- 1.3 Note that the Council is appropriately on route to balancing its budget for 2022/23.

2. EXECUTIVE SUMMARY

- 2.1. The Council set out a three year Medium Term Financial Strategy in March 2021, which delivered a balanced budget for 2021/22, but still had a £38m gap to be bridged in 2022/23. This gap included capitalisation direction approvals of £50m and £25m in 2021/22 and 2022/23 respectively.
- 2.2. The last report to Cabinet on the MTFS set out a latest position at that point in time of £13m. Since that report we have seen a number of further changes to the MTFS position, and in particular takes into account the outcome of the Provisional Local Government Finance Settlement. The MTFS Gap (before any further risks or opportunities) reduces for 2022/23 to £4m.
- 2.3. However, recent movements in expected inflationary pressures, the delivery risk around a number of specific savings or anticipated funding streams and interest earnings forecasts would increase the gap back to £11m.
- 2.4. Whilst this remaining gap could be bridged by re-allocating the £15m in the 2022/23 Budget to build General Reserves, we continue to work on mitigating growth pressures and de-risk the savings delivery contingency. We would wish to attempt to reduce the net remaining gap to around £8m so the remaining contribution to reserves could be used to further build resilience in

earmarked reserves. This will be subject to a risk based reports through various committees.

3 GENERAL FUND MEDIUM TERM FINANCIAL STRATEGY

3.1 Previously Reported Position

3.2 Cabinet considered a report on 6th December that provided an update on progress in identifying savings (and recognising additional growth pressures) in order to bridge the future gaps in the Council’s revenue budget over the period 2022/23 to 2023/24, whilst extending the MTFS planning horizon to include the new third year 2024/25. The position then reported is summarised in the table below:

Table 1 – Previously Reported MTFS Position

	<--- Incremental Changes --->			<--- Cumulative Changes --->		
	2022/23 (£,000's)	2023/24 (£,000's)	2024/25 (£,000's)	2022/23 (£,000's)	2023/24 (£,000's)	2024/25 (£,000's)
Original Gap - Approved Mar 21	38,378	22,133	-	38,378	60,511	60,511
Further Growth Requests	23,284	2,195	11,787	23,284	25,479	37,266
Cessation of Capitilisation Direction	-	-	5,000	-	-	5,000
	61,662	24,328	16,787	61,662	85,990	102,777
New Savings Proposals	(57,332)	(10,840)	(17,926)	(57,332)	(68,172)	(86,098)
Less Savings Delivery Contingency	8,821	2,168	3,585	8,821	10,989	14,574
	(48,511)	(8,672)	(14,341)	(48,511)	(57,183)	(71,524)
Overall Net Remaining Gap	13,151	15,656	2,446	13,151	28,807	31,253

3.3 The Provisional Local Government Finance Settlement [LGFS]

3.4 The Provisional Local Government Finance Settlement was announced on 16th December, and whilst still only provisional, we are not expecting to see any significant change when the Final LGFS is confirmed later in January. A number of the changes had already been anticipated in either the original MTFS Gap (established in March 2021, or in subsequent growth and savings proposals developed over recent months and was incorporated into the previously reported £13.151m gap.

3.5 Our analysis of the outcome of the Provisional LGFS is summarised in the following:

3.6 Nationally, the Settlement set out extra cash funding for local government of £3.5bn – a 6.9% increase. Within that overall increase is included the following:

- Council Tax increases for single tier local authorities was confirmed at 2.99% before being subject to Referendum criteria (being 1.99% general increase plus an additional 1.00% as a Social Care Precept);

- Included in the overall cash increase was £1bn for social care pressures (Improved Better Care [iBCF]; Social Care Grant; and Market Sustainability and Fair Cost of Care Grant);
- Whilst reform of the New Homes Bonus grant was announced as part of the 2021/22 LGFS, delays in implementing changes have seen a further one-year award for 2022/23 – nationally this grant falls by £68m – 10.9%;
- A new, but one-off, 2022/23 Services Grant of £822m. Planned reform to the Settlement Funding Assessment [SFA] basis of allocation has again been delayed and still awaits the outcome of the Fair Funding Review. Whilst some form of transitional damping is promised with any future allocation, this grant is specifically excluded from any such future damping;
- Revenue Support Grant [RSG] rises by £51m – 3.1%;
- With the national Business Rate Multiplier being frozen, councils see no increases to their Baseline Funding levels (locally retained business rates) or Tariff/Top-Up payments, but an additional £375m is made available as compensation to local authorities for this freeze.

Table 2 – Summary of National LGFS Changes

	2021/22	2022/23	Change	
	(£m's)	(£m's)	(£m's)	(%)
Settlement Funding Assessment [SFA]	14,810	14,882	72	0.49%
Compensation for under-indexing the business rates multiplier	650	1,025	375	57.69%
Council Tax Requirement excluding parish precepts	30,327	31,728	1,402	4.62%
Improved Better Care Fund	2,077	2,140	63	3.02%
New Homes Bonus	622	554	(68)	(10.89%)
Rural Services Delivery Grant	85	85	-	-
Social Care Grant	1,710	2,346	636	37.21%
Market Sustainability and Fair Cost of Care Fund	-	162	162	n/a
Lower Tier Services Grant	111	111	0	0.00%
2022/23 Services Grant	-	822	822	n/a
	50,392	53,856	3,464	6.88%

3.7 Our overall review of the national LGFS announcement included the following observations:

- The Settlement has again been announced later than local government would have liked in order to effectively plan and we would again call on the Department for Levelling Up, Housing and Communities [DLUHC] to make future announcements in a more timely manner;
- The Settlement is again for one year only and as such does not facilitate longer term planning over a multi-year financial horizon as we

are required to do under best practice and the CIPFA Financial Management Code;

- The Chancellor's Autumn Budget Statement (27th October 2021) referred at that point to a "real terms" increase in local government funding for next year of 3%. However with latest inflation rates reported at 5.1%, the cash increase of 6.9% falls below this real terms increase;
- The increases assumed in the LGFS assume that business rate receipts continue unchanged from levels determined and subsequently indexed since the localised business rate regime was introduced in 2013/14. As such the forecasts take no account of changes that may arise to overall yield as a result of business failure brought about by the Covid pandemic; and
- Of the £3.5bn additional cash available to local authorities in 2022/23, over half is raised locally from Council Tax or business rates retention.

3.8 Whilst the above sets out the national picture of the implications of the Provisional LGFS, each individual local authority has its own unique circumstances and will be impacted slightly differently. The following summarises the particular position for Croydon Council.

Settlement Funding Assessment

- 3.9 Settlement Funding Assessment [*SFA*] consists of retained business rates (both the target share to be collected and a Top-Up grant) and Revenue Support Grant [*RSG*]. Whilst we had assumed a 2% increase in our forward planning contained in the March 2021/22 MTFs, the freezing of the business rate multiplier in fact sees no increase to this allocation (although this is compensated for by a separate grant detailed below). Whilst we had assumed a similar increase in RSG, the allocation of 3% is greater than that assumed.
- 3.10 As mentioned in the previous paragraph, whilst there is no change in the NNDR multiplier compensation for previous indexation has been increased to compensate for this.
- 3.11 The delay in updating the Settlement Funding Assessment through the Fair Funding Review is disappointing as it further delays receiving formula funding to match our underlying needs. When last set in 2013/14, the Council had £10m top-sliced from its assessed grant need to support other authorities damping grant where their assessed SFA fell substantially – this damping cost has remained since and all other things being equal will have seen the Council receive £100m less funding over the last ten years than the needs assessment suggested the Council required.

Council Tax Requirement

- 3.12 The LGFS in calculating a local authority's Core Spending Power [*CSP*] assumes every Council increases its Band D charge by the maximum under

the Referendum (Excessive Council Tax Demand) regulations. As a single-tier local authority this is a 1.99% general increase plus 1.00% as a Social Care Premium. This increase had already been assumed in our MTFS position.

Improved Better Care Fund

- 3.13 The Improved Better Care Fund [*iBCF*] grant has increased by £293k (3.02%) but was not assumed in our MTFS planning prior to the LGFS announcement.

New Homes Bonus

- 3.14 The New Homes Bonus [*NHB*] was first introduced as both an incentive for local authorities to promote new homes and to compensate for delays in government formula funding allocations matching growth in underlying pressures. Originally, each year's bonus was to be retained for six years but has gradually been reduced to only retaining the 2021/22 grant into 2022/23.
- 3.15 Whilst a fundamental review of NHB was announced a year ago, we made an assumption during the autumn that the scheme would roll forward by another year. The LGFS announcement vindicated that assumption and we only see an £80k variance to the previously assumed MTFS gap.

Table 3 – New Homes Bonus Allocations

2011/12 (£,000's)	2012/13 (£,000's)	2013/14 (£,000's)	2014/15 (£,000's)	2015/16 (£,000's)	2016/17 (£,000's)	2017/18 (£,000's)	2018/19 (£,000's)	2019/20 (£,000's)	2020/21 (£,000's)	2021/22 (£,000's)	2022/23 (£,000's)
2,202	2,202	2,202	2,202	2,202	2,202	2,023	1,215	2,873	1,338	2,101	991
	2,023	2,023	2,023	2,023	2,023	2,023	1,215	2,873	1,338	2,101	991
		1,215	1,215	1,215	1,215	1,215	1,215	2,873	1,338	2,101	991
			2,873	2,873	2,873	2,873	2,873	2,873	1,338	2,101	991
				1,338	1,338	1,338	1,338	1,338	1,338	2,101	991
					2,101	2,101	2,101	2,101	2,101	2,101	991
						991	991	991	991	991	991
							1,825	1,825	1,825	1,825	1,825
								1,768	1,768	1,768	1,768
									2,745	2,745	2,745
										1,575	1,575
											2,347
2,202	4,225	5,440	8,313	9,651	11,752	8,518	6,255	6,685	7,329	6,145	4,115
						Reduction due to NHB Period being reduced from 6 Years					
						(2,023)	(4,088)	(4,211)	(3,439)	(4,860)	(7,136)

- 3.16 It should be noted that in 2022/23, the Council will receive £7.1m less in NHB funding than if the grant had been retained for the full six years as promised in the original scheme. This is particularly disappointing as our Settlement Funding Assessment has not been updated for underlying spending need caused by housing growth since 2013/14.

Social Care Grant

- 3.17 The Social Care Grant of £7,837k in 2021/22 is to rise by £3,283k (42%) to £11,120k in 2022/23.

Market Sustainability & Fair Cost of Care Fund

- 3.18 New and additional funding has been provided within the Provisional LGFS for a Market Sustainability and Fair Cost of Care Fund and represents £946k for Croydon. This grant is to support local authorities as they prepare their markets for adult social care reform and to help move towards paying a fair cost of care. As a new grant, and not previously forecast in the MTFS Gap, this funding improves the overall Gap.

Lower Tier Services Grant

- 3.19 Although the Lower Tier Services Grant (first introduced in 2021/22) remains unaltered at the national level, changes in the distribution methodology sees a £34k (5.3%) rise in Croydon's allocation.

2022/23 Services Grant

- 3.20 Another new grant was announced in the LGFS as the 2022/23 Services Grant. As a newly announced grant, this was not planned for in the current MTFS Gap assumptions and represents an improvement in that position.
- 3.21 As part of the 2022/23 Provisional LGFS announcement, further proposals are promised to be put forward for consultation on changing the determination of funding – the long-awaited Fair Funding Formula Review. Note is made of any change to future formula funding being subject to transitional damping arrangements to allow time for local authorities to adjust to any revised funding levels (typically net neutral overall costs with funding for councils seeing falls being offset by top-slicing against increases for other authorities). Specific mention is made in the LGFS that the benefits from this grant would be dis-regarded in calculating any damping arrangements. As previously mentioned, the Council received £10m less in funding in 2013/14 against its assessed needs and has remained in that position ever since as the Baseline has remained unaltered

Other Grants

- 3.22 A number of grants awarded for 2021/22 remain to be announced or be confirmed they have ceased. Amongst those which may not be continued in 2022/23 and comprise the Local Council Tax Income Guarantee Grant (£1,512k) and a DLUHC New Burdens Grant (£790k).
- 3.23 Taken collectively, the overall impact of the Provisional LGFS announcement is set out in the table below:

Table 4 – Overall Impact on MTFS Gap of Provisional LGFS

		22/23 Gap (£,000's)	
Budget Gap (Cabinet 6th December)		13,151	
Settlement Funding Assessment	Revenue Support Grant	(157)	
	Retained Business Rates	1,481	
		<u>1,324</u>	
Compensation for Business Rate Under-Indexation		(825)	
			499
Improved Better Care Fund		(293)	
New Homes Bonus		80	
Social Care Grant		(3,283)	
Market Sustainability and Fair Cost of Care Fund		(946)	
Lower Tier Services Grant		(34)	
2022/23 Services Grant		(5,104)	
Other Grants		<u>2,302</u>	
			(6,779)
Revised Budget Gap (Including LFS Changes)			<u>6,372</u>

3.24 Other Changes to the MTFS Gap

3.25 As well as the changes to the previously reported £13,151k gap for 2022/23 resulting from the Provisional Local Government Finance Settlement (set out above), other changes have arisen as services continue to identify savings opportunities to close the gap. Set out below is a summary of other changes that have materialised:

Table 5 – Other Changes to the 2022/23 MTFS Gap

	Savings (£,000's)	Growth (£,000's)	Net (£,000's)
Revised Budget Gap (Including LGFS Changes)			6,372
NHS Funding to Support Joint Care Outcomes	77		77
Children Looked After Placements Demographic Pressures		(85)	(85)
New commissioning for targetted youth provision		(200)	(200)
Reduction in Budget for By-Election Costs	(147)		(147)
Contrib to Borough-Wide Election Cost Reserve		(250)	(250)
TfL Freedom Pass Costs	(4,210)		(4,210)
Staff Resourcing in Committee Services		90	90
Cost of Care Growth above Corporate Inflation		1,043	1,043
Resident Engagement & Tenancy Services	(100)		(100)
Tenancy Services		100	100
Invest to Save in Carers Support		(70)	(70)
Financial Assessment Improvements		250	250
Market Sustainability / Fair Cost of Care		946	946
Savings from Further Asset Disposals	1,000		1,000
Local Council Tax Reduction Scheme Support Review	564		564
Change in Savings Delivery Risk Provision	(1,043)		(1,043)
	(3,859)	1,824	(2,035)
Latest Budget Gap			<u>4,337</u>

- 3.26 The above latest 2022/23 MTFS Gap of £4.3m does not take into account a number of further emerging pressures or opportunities that have the potential to impact on that gap.
- 3.27 Contract inflation allowed for in the MTFS gap allows for only 3% inflationary pressures, but with current levels being experienced (and further likely increases to come) the Council could be facing a further 2% pressure on those levels as well as a further 1% pay award pressure. These additional pressures could add a further £9m to the gap.
- 3.28 A number of specific savings or additional funding assumptions have yet to be finalised and have the potential to add a further £4m to the gap if they are not delivered in full.
- 3.29 A review of the accounting treatment and expected wind down of the Council's Property Development Company has however offered up an opportunity to increase the expected level of interest receipts in 2022/23 which partially offsets the above additional pressures.
- 3.30 Taken collectively, and including the aforementioned additional net pressures, the remaining gap would increase from £4.3m to £11.3m.

Table 6 – Latest Budget Gap Including Risks and Opportunities

	22/23 Gap (£,000's)
Latest Budget Gap	4,337
Further Inflation and Pay Award Pressures	9,000
Other Savings Delivery Risks	4,000
Interest Earnings and Capital Financing Opportunity	(6,000)
Remaining Budget Gap (Including Further Risks and Opportunities)	11,337

- 3.31 The Council has included in its Base Budget Assumptions a £15m contribution to further bolster General Reserves. Whilst general reserves brought forward of £27m had been improved, the need to replenish earmarked reserves remains and ideally that budget should be re-allocated to build earmarked reserves. Our target remains to further bring down the above £11.3m gap by reviewing all savings and growth proposals (including delivery risk assumptions) prior to the final Budget Setting report to Cabinet in February.

4 FINANCIAL CONSIDERATIONS

- 4.1 As contained in the body of this report.

5 LEGAL CONSIDERATIONS

- 5.1 The Head of Litigation and Corporate Law comments on behalf of the Director of Law and Governance that the recommendations within this report do not give rise to any direct legal implications as they are merely to note, however the Local Government Act 1972 (Section 151) requires that every local authority make arrangements for the proper administration of their financial affairs. In addition the Council must have a balanced and robust budget for the forthcoming financial year and also a 'medium term financial strategy (MTFS). This projects forward likely income and expenditure over at least three years. The MTFS ought to be consistent with the council's work plans and strategies.
- 5.2 The procedure to be followed in developing the budget proposals are set out in the Budget and Policy Framework Procedure Rules provided in Part 4.C of the Council's Constitution.
- 5.3 No legal advice has been provided in relation to legal implications of the contents of the appendices to this report as part of the report approval process. Members need to be aware that in order to deliver some of the budget proposals, action may be required to comply with relevant statutory processes which apply to the area in question which may include compliance with legal pre-requisites and requirements for consultation, notification, publication, data protection impact assessments and assessment of equality impacts of proposals. In relation to the latter requirement, Members are directed to the Equalities Impact section of this report.

Approved by: Sandra Herbert, Head of Litigation and Corporate Law on behalf of the Director of Law and Governance and Deputy Monitoring Officer.

6 HUMAN RESOURCES IMPACT

- 6.1 No direct Human Resources impacts contained in this report

7 EQUALITIES IMPACT

- 7.1 No direct Equalities Impacts contained in this report

8 ENVIRONMENTAL IMPACT

- 8.1 No direct Environmental impacts contained in this report

9 CRIME AND DISORDER REDUCTION IMPACT

- 9.1 No direct Crime and Disorder Reduction impacts contained in this report

10 DATA PROTECTION IMPLICATIONS

10.1 No direct Data Protection implications contained in this report

REPORT AUTHOR: Matthew Davis, Interim Director of Finance
(Deputy S151 Officer)

BACKGROUND DOCUMENTS:

Council Tax and Budget Report – Full Council 8th March 2021

2022/23 Budget and Three-Year Medium Term Financial Strategy – Cabinet 6th
December 2021

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REPORT TO:	Cabinet 24 January 2022
SUBJECT:	Updated 2021/22 and Forecast General Fund Capital Programme 2022/23 to 2024/25
LEAD OFFICER:	Richard Ennis, Corporate Director of Resources (S151 Officer)
CABINET MEMBER:	Councillor Hamida Ali, Leader of the Council Councillor Stuart King, Cabinet Member for Croydon Renewal Councillor Callton Young, Cabinet Member for Resources & Financial Governance

SUMMARY OF REPORT:

This report is the second of four Cabinet reports that form part of the budget setting process of the Council ahead of full Council on 28th February.

The report sets out the capital investment the Council will make in the borough over this and the next three years. In addition the report demonstrably shows that the Council is taking ownership of its financial issues by recommending utilisation of the Council's own capital receipts to fund much of its own investment programme (and specifically the capitalisation direction recommended for approval by the Improvement Panel and subject to agreement by the Secretary of State) in order to reduce the forecast levels of additional Council borrowing. This means the Council will not be adding to the national borrowing position from the capitalisation direction.

The report sets out the priority areas of investment in the borough and the improvements planned through the Capital Board to drive and monitor delivery of the capital programme.

This report sets out the latest forecasts and requests for capital expenditure and its financing requirements for the remainder of the current financial year and the following three years of the new Medium Term Financial Strategy [MTFS] planning horizon.

FINANCIAL IMPACT

The net cost of the proposed capital programme (net of grants and contributions) and use of CIL and s106 funding is £202m over the four years, and in itself would incur additional annual revenue borrowing costs of c£11m by the end of the MTFS period.

However, the asset disposal strategy has begun to deliver capital receipts, and together with planned receipts from capital loan repayments and investments is expected to generate capital receipts of £212m over the four year period. The report sets out the Council's overall borrowing at the end of the four year period, coupled with Minimum Revenue Provision charges being set aside annually to also reduce debt. It is expected that net borrowing (the Capital Financing Requirement [CFR]) will fall by £80m rather than increase. The revenue saving implications of this net position have been incorporated into

the planning assumptions contained in the Council's MTFS that will be presented to Cabinet later in February.

As part of the Council's transformation agenda, £65.8m was charged as a capitalisation direction for 2020/21, with further assumptions of £50m for the current year (and £25m in 2022/23 and £5m in 2023/24). These values are included in the Council's borrowing levels brought forward and future capital spend assumptions. By prioritising the use of capital receipts to repay these capitalisation direction costs, the Council minimises the revenue impact and allows the Council over the three years to fully finance the cost of capitalisation directions from its own resources, without impacting the level of public sector debt.

1. RECOMMENDATIONS

The Leader has delegated authority to Cabinet to make the following decisions:

- 1.1 Approve the revised General Fund Capital Programme updated for 2021/22 and the future years 2022/23 to 2024/25 as summarised in this report and detailed in Appendix 1;
- 1.2 Note the strategy for the use of capital receipts which prioritises their use first for Transformation Funding costs (Flexible Use of Capital Receipts), then to finance the costs relating to the Capitalisation Direction, and finally to repay historic capital borrowing costs;
- 1.3 Note that any further revisions to the General Fund Capital Programme that emerge prior to the February Cabinet meeting will be reported as part of the Council Tax and Medium Term Financial Strategy report;
- 1.4 Note that progress on updating the Council's Capital Strategy will be reported alongside the Treasury Management Strategy and Minimum Revenue Provision in the February Cabinet report;
- 1.5 Note that subject to approval by Cabinet of the overall capital programme below, officers will work up the detailed project plans for schemes and these will be validated by CB before final commitment to spend; and
- 1.6 Note that the Housing Revenue Account Capital Programme will be reported separately to a subsequent meeting alongside, Revenue Budget and Rent-Setting Policy or Housing Business Plan.

2. EXECUTIVE SUMMARY

- 2.1. This report sets out the latest forecast for the General Fund Capital Programme for 2021/22 as well as updated proposals for capital spending over the future

three years. The planning horizon has been extended by an additional year from that last considered in March 2021 to mirror the timeframe in the new Medium Term Financial Strategy being developed for the revenue budget.

- 2.2. The proposals as set out in this report would see gross capital investment in the Council's priorities increase by £78m over the new four year planning horizon (£41m of which is new for 2024/25 and £37m additional across the existing planning horizon), whilst by utilising expected capital receipts in the most efficient manner see overall borrowing levels fall by £80m.

3 GENERAL FUND CAPITAL PROGRAMME

3.1 The Approved Three Year Capital Programme

- 3.2 The 2021/22 General Fund Capital Programme was approved in March 2021 as part of the overall Council Tax and MTFS approval. That approved budget is summarised in the table below:

Table 1 – Original Approved Capital Programme 2021/22 to 2023/24

	2021/22		2022/23		2023/24		3-Year
	Spend	Funding	Spend	Funding	Spend	Funding	Total
	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)
Health, Wellbeing & Adults	3,965	(2,400)	2,400	(2,400)	2,400	(2,400)	1,565
Children, Families & Education	13,677	(11,346)	3,730	(3,730)	3,555	(3,555)	2,331
Place	31,171	(1,885)	9,848	(761)	477	(74)	38,776
Resources	13,715	-	8,200	-	11,919	-	33,834
Corporate	-	(6,400)	-	(6,600)	-	(6,600)	(19,600)
Capitalisation Direction	50,000	-	25,000	-	5,000	-	80,000
	112,528	(22,031)	49,178	(13,491)	23,351	(12,629)	136,906
		Net		Net		Net	
Being:	Gross Spend	112,528	49,178	49,178	23,351	23,351	185,057
	CIL/s106 Funding	(7,571)	(6,800)	(6,800)	(6,800)	(6,800)	(21,171)
	Grant Funding	(14,460)	(6,691)	(6,691)	(5,829)	(5,829)	(26,980)
	Borrowing	90,497	35,687	35,687	10,722	10,722	136,906

- 3.3 Further in-year changes to the approved budget have taken place during the course of the year, in particular the approval of 2020/21 underspends rolled forward as part of the outturn report and approved by Cabinet in July 2021. The current approved budget taking into account those changes is summarised in the following table:

Table 2 – Current Approved Capital Programme 2021/22 to 2023/24

	2021/22		2022/23		2023/24		3-Year Total (£,000's)
	Spend (£,000's)	Funding (£,000's)	Spend (£,000's)	Funding (£,000's)	Spend (£,000's)	Funding (£,000's)	
Adult Social Care & Health	1,726	-	-	-	-	-	1,726
Children, Young People & Education	26,078	(11,346)	3,730	(3,730)	3,555	(3,555)	14,732
Housing	4,773	(4,373)	2,400	(2,400)	2,400	(2,400)	400
Sustainable Communities, Regeneration & Economic Renewal	76,597	(2,043)	9,848	(761)	477	(74)	84,044
Assistant Chief Executive Resources	20,625	-	6,200	-	9,919	-	36,744
Corporate	9,047	-	2,000	-	2,000	-	13,047
Capitalisation Direction	1,893	(8,293)	-	(6,600)	-	(6,600)	(19,600)
	50,000	-	25,000	-	5,000	-	80,000
	190,739	(26,055)	49,178	(13,491)	23,351	(12,629)	211,093
		Net	Net	Net	Net		
Being:	Gross Spend	190,581	49,178	23,351	263,110		
	CIL/s106 Funding	(7,571)	(6,800)	(6,800)	(21,171)		
	Grant Funding	(16,433)	(6,691)	(5,829)	(28,953)		
	Capital Receipts	(1,893)	-	-	(1,893)		
	Borrowing	164,684	35,687	10,722	211,093		

3.4 Revised and Extended Capital Programme

3.5 In line with refreshing and extending the General Fund Revenue Medium Term Financial Strategy, requests from service departments have been received to update their capital spend and funding forecast requirements over the existing MTFS planning horizon (2021/22 to 2023/24) and to extend it into the additional new MTFS year 2024/25.

3.6 A process has been put into place to collate those submissions and has been subject to initial officer review and then a “Star Chamber” challenge session including Cabinet members. That process, and taking into account current year forecast spend as included in the Period 8 monitoring report, has seen a revised forecast for 2021/22 and a request to re-phase part of that quantum as well as future year spend as summarised in the table below, and set out in more detail in Appendix 1.

Table 3 – Revised Capital Programme Proposals 2021/22 to 2024/25

	2021/22		2022/23		2023/24		2024/25		4-Year Total (£,000's)
	Spend (£,000's)	Funding (£,000's)	Spend (£,000's)	Funding (£,000's)	Spend (£,000's)	Funding (£,000's)	Spend (£,000's)	Funding (£,000's)	
Adult Social Care & Health	68	-	1,707	-	269	-	-	-	2,044
Children, Young People & Education	15,451	(12,649)	15,964	(15,964)	6,057	(6,057)	-	-	2,802
Housing	3,393	(2,993)	3,493	(2,993)	2,993	(2,993)	2,993	(2,993)	900
Sustainable Communities, Regeneration & Economic Renewal	45,427	(13,529)	45,064	(18,249)	28,386	(14,672)	29,496	(15,444)	86,479
Assistant Chief Executive Resources	11,867	-	14,028	-	7,271	-	6,276	-	39,442
Corporate	3,456	(168)	4,631	(404)	2,687	(34)	-	-	10,167
Capitalisation Direction	2,393	(8,793)	2,500	(9,100)	2,500	(9,100)	2,500	(2,500)	(19,600)
	50,000	-	25,000	-	5,000	-	-	-	80,000
	132,055	(38,132)	112,387	(46,710)	55,162	(32,856)	41,265	(20,937)	202,234
Being:		Net	Net	Net	Net	Net	Net		
Gross Spend		131,897	112,387	55,162	41,265				340,711
CIL/s106 Funding		(12,630)	(10,462)	(7,220)	(226)				(30,538)
Grant Funding		(22,951)	(33,747)	(23,136)	(18,211)				(98,045)
Capital Receipts		(2,393)	(2,500)	(2,500)	(2,500)				(9,893)
Borrowing		93,923	65,677	22,307	20,328				202,234

3.7 As can be seen by comparing the approved capital programme as set out in Table 2 to the current proposals as set out in Table 3, gross capital spend has increased from £263.1m to £340.7m – an increase of £77.601m investing in the borough and Council’s priorities, with only £41.265m of this being due to the additional year in the programme. In essence there is an additional £36.336m being invested by the Council in the borough.

3.8 At the same time the approved borrowing requirement (before application of capital receipts other than to fund Transformation Funding) has decreased from £211.1m to £202.2m – a reduction of £8.9m, despite including an additional year (2024/25) in the programme. This is the result of further grant funding being utilised and application of Community Infrastructure Levy [CIL] and s106 Planning Receipts being applied.

3.9 Whereas the current approved capital programme only assumed capital receipts would be applied to fund the 2021/22 Transformation costs (£1.9m), the net borrowing set out in Table 3 (£202.2m over the four years) includes provision for £10.0m of Transformation expenditure over the four years. This will support and drive the delivery of the transformation of the Council and delivery of the significant efficiencies programme. It helps to align delivery resources to the programme.

3.10 The Council has been implementing a capital disposal strategy to generate further capital receipts from the disposal of surplus properties and in addition is seeing loans and investments previously given for capital purposes be repaid (these are accounted for as capital receipts) or expected to be repaid over the four years of the new MTFs period. These receipts are able to be used to be set aside for the repayment of debt or to fund new borrowing costs.

3.11 The Council aims to apply those capital receipts in the most economic manner to minimise capital financing costs, and the general strategy is to apply those receipts in the following order

- a) Transformation Expenditure – freedoms to charge revenue transformation costs against capital receipts is given under the Flexible Use of Capital Receipts Regulations and can only be so financed by capital receipts;
- b) Capitalisation Direction Borrowing – approval by the Secretary of State to capitalise revenue expenditure as the Council transforms is given subject to the maximum period of twenty years borrowing. As this is less than the average period for other capital borrowing a bigger annual revenue saving is achieved by prioritising the repayment or financing of this category of capital borrowing. In addition, an additional 1% premium of borrowing from the Public Works Loans Board [*PWLB*] is chargeable on borrowing not repaid by capital receipts as a condition of the Capitalisation Direction.

The Council is committed to fund the capitalisation direction costs from its own capital receipts for the above reason and to demonstrate that it has managed to balance its finances within its own resources

- c) Other Capital Borrowing – the Minimum Revenue Provision [*MRP*] charges against revenue for historic capital borrowing are calculated on an annuity basis – that is they are lower in early years and increase in latter years. All other things being equal, a bigger revenue saving is made by using capital receipts to set-aside to repay historic borrowing rather than to finance new expenditure.

3.12 The Corporate Director of Resources will continue to review the capital financing position and apply capital receipts in the most revenue efficient manner as capital receipts allow.

3.13 Forecast capital receipts over the four year MTFS planning horizon and how they may be applied to reduce borrowing are summarised in the table below:

Table 4 – Capital Financing Requirement [CFR] (Borrowing)

	Mar 21	Mar 22	Mar 23	Mar 24
	(£m's)	(£m's)	(£m's)	(£m's)
Capital Financing Requirement b/f	1,274.5	1,297.0	1,255.4	1,204.2
Net Capital Proposal Borrowing	96.3	68.2	24.8	22.8
Less Capital Receipts Applied				
Asset Disposals	(48.2)	(30.2)	(2.9)	-
Investment & Loan Repayments	(7.0)	(58.6)	(53.0)	(12.1)
Less MRP Set-Aside	(18.7)	(21.0)	(20.1)	(20.2)
Capital Financing Requirement c/f	1,297.0	1,255.4	1,204.2	1,194.7

- 3.14 Based on the assumptions as to future net capital spend and capital receipts, despite investing £212m funded from “borrowing”, the Council would in fact be able to reduce its CFR by £80m rather than increase it.
- 3.15 The Council continues to develop its capital strategy and has begun the process of reviewing all of its fixed asset holdings, the costs and benefits of owning and operating from them and the investment required to maintain them as fit for purpose. A Capital Strategy is in the process of being updated and will be further reported on to February Cabinet alongside the Treasury Management Strategy and Minimum Revenue Provision Policy.
- 3.16 Whilst Cabinet is requested to approve the overall General Fund capital programme, as detailed in this report, prior to any individual proposal commencing approval to proceed will additionally be required from the officer-led Capital Board. This additional approval gateway will ensure all appropriate due diligence and programme planning/delivery considerations have been undertaken on a scheme by scheme basis prior to any spend being committed.
- 3.17 Under the regulations governing the use of Flexible Capital Receipts, Full Council approval is required for transformation costs funded by flexible capital receipts. The February Council Tax and Budget Report will include a full schedule of transformation fund projects for consideration and will thereafter follow on to the February Full Council meeting for approval.
- 3.18 Any further changes that emerge to the capital programme over the next month will also be provided as an update in that report.

4 FINANCIAL CONSIDERATIONS

- 4.1 As contained in the body of this report.

5 LEGAL CONSIDERATIONS

- 5.1 The Head of Litigation and Corporate Law comments on behalf of the interim Director of Law and Governance that the Council is under a statutory duty, as set out in Section 31A of the Local Government Finance Act 1992, to ensure that it maintains a balanced budget and to take any remedial action as required in year.
- 5.2 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.
- 5.3 The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (as amended) made pursuant to the Local Government Act 2003 requires the Council to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities ("The Prudential Code"). Regulations 23 and 24 provide respectively that capital receipts may only be used for specified purposes and that in carrying out its capital finance functions, a local authority must have regard to the code of practice in "Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (2017 Edition)" ("The Treasury Code") issued by CIPFA.
- 5.4 Statutory Guidance on the Flexible Use of Capital Receipts has been issued by the Secretary of State pursuant to Section 15(1) of the Local Government Act 2003 and the Council is required to have regard to this guidance in exercising its functions in this regard. The Statutory guidance defines qualifying expenditure and also provides that the Council should prepare and adopt a Strategy on the Flexible Use of receipts ("the Strategy"). This need not be a separate strategy and may for example be approved as part of the Annual Budget documents.
- 5.5 As a minimum, the Strategy should list each project that plans to make use of the capital receipts flexibility and that on a project by project basis details of the expected savings/service transformation are provided. The Strategy should report the impact on the local authority's Prudential Indicators for the forthcoming year and subsequent years. The Strategy should contain details on projects approved in previous years, including a commentary on whether the planned savings or service transformation have been/are being realised in line with the initial analysis. This strategy is required to be approved by Full Council.
- 5.6 Two codes of practice issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) contain guidance on capital receipts and local authority accounting that complement the statutory guidance. These publications are: The Prudential Code for Capital Finance in Local Authorities and the Code of Practice on Local Authority Accounting

Approved by Sandra Herbert, Head of Litigation and Corporate Law on behalf of the Interim Director of Law and Governance and Deputy Monitoring Officer.

6 HUMAN RESOURCES IMPACT

6.1 No direct Human Resources impacts in this report

7 EQUALITIES IMPACT

7.1 No direct Equalities impacts in this report

8 ENVIRONMENTAL IMPACT

8.1 No direct Environmental impacts in this report

9 CRIME AND DISORDER REDUCTION IMPACT

9.1 No direct Crime and Disorder Reduction impacts in this report

10 DATA PROTECTION IMPLICATIONS

10.1 No Data Protection Implications in this report

REPORT AUTHOR: Matthew Davis, Interim Director of Finance
(Deputy S151 Officer)

APPENDICES: Appendix 1 – Detailed General Fund Capital Programme

BACKGROUND DOCUMENTS:

Approved 2021/22 Budget and Three Year MTFs – Council 8th Mar 21 (Item 18/21)
Outturn Report & Capital Roll-Forward – Cabinet 12th July 2021 (Item 100/21)

APPENDIX 1 - CAPITAL PROGRAMME

			APPROVED BUDGETS			REQUESTED CHANGES				PROPOSED CAPITAL PROGRAMME			
			2021/22 (£,000's)	2022/23 (£,000's)	2023/24 (£,000's)	2021/22 (£,000's)	2022/23 (£,000's)	2023/24 (£,000's)	2024/25 (£,000's)	2021/22 (£,000's)	2022/23 (£,000's)	2023/24 (£,000's)	2024/25 (£,000's)
GF CAP 04	Disabled Facilities Grant	Spend	4,373	2,400	2,400	(1,380)	593	593	2,993	2,993	2,993	2,993	2,993
GF CAP 04	Disabled Facilities Grant	Grant	(4,373)	(2,400)	(2,400)	1,380	(593)	(593)	(2,993)	(2,993)	(2,993)	(2,993)	(2,993)
GF CAP 05	Empty Homes Grants	Spend	400	-	-	-	500	-	-	400	500	-	-
HOUSING			400	-	-	-	500	-	-	400	500	-	-
GF CAP 01	Adults ICT	Spend	284	-	-	(220)	110	110	-	64	110	110	-
GF CAP 02	Adult Social Care Provision	Spend	4	-	-	-	-	-	-	4	-	-	-
GF CAP 06	Provider Services - Extra Care	Spend	500	-	-	(500)	500	-	-	-	500	-	-
GF CAP 07	Sheltered Housing	Spend	938	-	-	(938)	938	-	-	-	938	-	-
GF CAP 72	Capital investment in Garden Centre	Spend	-	-	-	-	159	159	-	-	159	159	-
ADULTS			1,726	-	-	(1,658)	1,707	269	-	68	1,707	269	-
GF CAP 03	Bereavement Services	Spend	1,711	-	-	(911)	1,000	-	-	800	1,000	-	-
GF CAP 20	Community Ward Budgets	Spend	1,616	-	-	(1,616)	-	-	-	-	-	-	-
GF CAP 63	Finance and HR system	Spend	598	-	-	(100)	500	250	-	498	500	250	-
GF CAP 64	ICT Refresh & Transformation	Spend	9,185	6,200	6,200	(2,755)	2,755	-	6,200	6,430	8,955	6,200	6,200
GF CAP 65	People ICT	Spend	7,515	-	-	(4,015)	3,000	-	-	3,500	3,000	-	-
GF CAP 66	Uniform ICT Upgrade	Spend	-	-	3,719	140	-	(3,719)	-	140	-	-	-
GF CAP 74	Members Enquiries Transformation Bid	Spend	-	-	-	29	43	11	11	29	43	11	11
GF CAP 75	Core Contract Procurement Transformation	Spend	-	-	-	470	530	810	65	470	530	810	65
ASSISTANT CHIEF EXECUTIVE			20,625	6,200	9,919	(8,758)	7,828	(2,648)	6,276	11,867	14,028	7,271	6,276
GF CAP 08	Education – Fire Safety Works	Spend	2,057	300	-	(1,607)	602	-	-	450	902	-	-
GF CAP 08	Education – Fire Safety Works	Grant	(1,200)	(300)	-	750	(602)	-	-	(450)	(902)	-	-
GF CAP 09	Education - Fixed Term Expansions	Spend	2,124	34	-	(2,055)	3,209	2,993	-	69	3,243	2,993	-
GF CAP 09	Education - Fixed Term Expansions	Grant	(260)	(34)	-	191	(3,209)	(2,993)	-	(69)	(3,243)	(2,993)	-
GF CAP 10	Education - Major Maintenance	Spend	7,523	3,000	3,000	(4,578)	6,549	(442)	(3,000)	2,945	9,549	2,558	-
GF CAP 10	Education - Major Maintenance	Grant	(2,945)	(3,000)	(3,000)	-	(6,549)	442	3,000	(2,945)	(9,549)	(2,558)	-
GF CAP 11	Kenley School Modular Replacement Works	Spend	821	-	-	(455)	-	-	-	366	-	-	-
GF CAP 11	Kenley School Modular Replacement Works	Grant	(200)	-	-	(166)	-	-	-	(366)	-	-	-
GF CAP 12	Education - Permanent Expansion	Spend	403	44	-	22	-	-	-	425	44	-	-
GF CAP 12	Education - Permanent Expansion	Grant	(180)	(44)	-	(245)	-	-	-	(425)	(44)	-	-
GF CAP 13	Education - Secondary Estate	Spend	134	-	-	(46)	-	-	-	88	-	-	-
GF CAP 13	Education - Secondary Estate	Grant	-	-	-	(88)	-	-	-	(88)	-	-	-
GF CAP 14	Education - SEN	Spend	13,016	352	555	(1,908)	1,874	(49)	-	11,108	2,226	506	-
GF CAP 14	Education - SEN	Grant	(5,900)	(152)	(355)	(1,866)	(1,747)	209	-	(7,766)	(1,899)	(146)	-
GF CAP 14	Education - SEN	CIL	(300)	(200)	(200)	-	(127)	(160)	-	(300)	(327)	(360)	-
GF CAP 14	Education - SEN	s106	(361)	-	-	121	-	-	-	(240)	-	-	-
CHILDREN'S, FAMILIES & EDUCATION			14,732	-	-	(11,930)	-	-	-	2,802	-	-	-
GF CAP 15	Allotments	Spend	309	-	-	(209)	200	-	-	100	200	-	-

APPENDIX 1 - CAPITAL PROGRAMME

			APPROVED BUDGETS			REQUESTED CHANGES				PROPOSED CAPITAL PROGRAMME			
			2021/22	2022/23	2023/24	2021/22	2022/23	2023/24	2024/25	2021/22	2022/23	2023/24	2024/25
			(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)
GF CAP 16	Asset management ICT database	Spend	-	-	-	-	-	-	-	-	-	-	-
GF CAP 17	Brick by Brick programme	Spend	20,000	-	-	(16,203)	6,203	-	-	3,797	6,203	-	-
GF CAP 18	Fairfield	Spend	-	-	-	4,000	1,000	1,000	1,000	4,000	1,000	1,000	1,000
GF CAP 73	Fixtures & Fittings FFH	Spend	-	-	-	574	-	-	-	574	-	-	-
GF CAP 19	CALAT Transformation	Spend	396	-	-	(390)	390	-	-	6	390	-	-
GF CAP 21	Devolution initiatives	Spend	-	-	-	-	-	-	-	-	-	-	-
GF CAP 22	Electric Vehicle Charging Points	Spend	1,700	-	-	(1,700)	500	500	700	-	500	500	700
GF CAP 22	Electric Vehicle Charging Points	CIL	(100)	-	-	100	-	-	-	-	-	-	-
GF CAP 22	Electric Vehicle Charging Points	s106	-	-	-	-	(100)	-	-	-	(100)	-	-
GF CAP 22	Electric Vehicle Charging Points	Grant	(300)	-	-	300	(300)	-	-	-	(300)	-	-
GF CAP 23	Capitalised Feasibility Fund	Spend	505	330	330	-	-	-	-	505	330	330	-
GF CAP 24	Fieldway Cluster (Timebridge Community Centre)	Spend	3,023	-	-	(2,723)	-	-	-	300	-	-	-
GF CAP 25	Growth Zone	Spend	8,210	-	-	(5,710)	4,000	4,000	4,000	2,500	4,000	4,000	4,000
GF CAP 25	Growth Zone	Grant	-	-	-	(2,500)	(4,000)	(4,000)	(4,000)	(2,500)	(4,000)	(4,000)	(4,000)
GF CAP 26	Grounds Maintenance Insourced Equipment	Spend	1,200	-	-	(200)	200	-	-	1,000	200	-	-
GF CAP 27	Highways - maintenance programme	Spend	17,531	8,051	-	(4,057)	567	8,618	8,618	13,474	8,618	8,618	8,618
GF CAP 28	Highways - maintenance programme (staff recharge)	Spend	567	-	-	(567)	-	-	-	-	-	-	-
GF CAP 29	Highways – flood water management	Spend	286	-	-	790	435	435	435	1,076	435	435	435
GF CAP 30	Highways – bridges and highways structures	Spend	141	-	-	998	3,403	2,000	3,000	1,139	3,403	2,000	3,000
GF CAP 30	Highways – bridges and highways structures	Grant	-	-	-	(350)	(3,000)	(1,800)	(2,000)	(350)	(3,000)	(1,800)	(2,000)
GF CAP 31	Highways - Tree works	Spend	-	-	-	89	56	56	56	89	56	56	56
GF CAP 31	Highways - Tree works	Grant	-	-	-	(89)	(56)	(56)	(56)	(89)	(56)	(56)	(56)
GF CAP 32	Mitigate unauthorised access to parks and open sp	Spend	73	73	73	-	-	-	-	73	73	73	-
GF CAP 33	Leisure centres equipment upgrade	Spend	628	70	-	-	-	-	-	628	70	-	-
GF CAP 33	Leisure centres equipment upgrade	Reserves	-	-	-	(208)	(70)	-	-	(208)	(70)	-	-
GF CAP 34	Libraries Investment - General	Spend	1,914	-	-	(1,614)	1,614	-	-	300	1,614	-	-
GF CAP 35	Libraries investment – South Norwood library	Spend	512	-	-	(412)	412	-	-	100	412	-	-
GF CAP 36	Museum Archives	Spend	100	-	-	(100)	75	-	-	-	75	-	-
GF CAP 37	Neighbourhood Support Safety Measures	Spend	50	-	-	-	-	-	-	50	-	-	-
GF CAP 38	New Addington wellbeing centre	Spend	979	-	-	(979)	-	-	-	-	-	-	-
GF CAP 39	Parking	Spend	3,401	475	-	(1,666)	1,666	1,922	1,662	1,735	2,141	1,922	1,662
GF CAP 40	Park Life	Spend	381	-	-	(381)	-	-	-	-	-	-	-
GF CAP 40	Park Life	s106	(58)	-	-	58	-	-	-	-	-	-	-
GF CAP 40	Park Life	Grant	(250)	(250)	-	250	250	-	-	-	-	-	-
GF CAP 41	Play Equipment	Spend	1,522	-	-	(802)	380	-	-	720	380	-	-
GF CAP 41	Play Equipment	s106	(310)	-	-	-	-	-	-	(310)	-	-	-
GF CAP 43	Safety - digital upgrade of CCTV	Spend	1,559	-	-	(1,539)	1,539	-	-	20	1,539	-	-
GF CAP 44	Section 106 Schemes	Spend	4,674	-	-	-	-	-	-	4,674	-	-	-

APPENDIX 1 - CAPITAL PROGRAMME

			APPROVED BUDGETS			REQUESTED CHANGES				PROPOSED CAPITAL PROGRAMME			
			2021/22	2022/23	2023/24	2021/22	2022/23	2023/24	2024/25	2021/22	2022/23	2023/24	2024/25
			(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)	(£,000's)
GF CAP 44	Section 106 Schemes	s106	-	-	-	(4,674)	-	-	-	(4,674)	-	-	-
GF CAP 45	SEN Transport	Spend	1,289	-	-	(1,289)	-	-	-	-	-	-	-
GF CAP 46	Signage	Spend	137	-	-	-	137	137	137	137	137	137	137
GF CAP 47	South Norwood Regeneration	Spend	5	849	74	807	183	43	-	812	1,032	117	-
GF CAP 47	South Norwood Regeneration	s106	(42)	-	-	42	(45)	-	-	-	(45)	-	-
GF CAP 47	South Norwood Regeneration	Grant	(825)	(511)	(74)	13	(476)	(44)	-	(812)	(987)	(118)	-
GF CAP 48	Connected Kenley	Spend	-	-	-	545	425	-	-	545	425	-	-
GF CAP 48	Connected Kenley	s106	-	-	-	-	(140)	-	-	-	(140)	-	-
GF CAP 48	Connected Kenley	Grant	-	-	-	(545)	(285)	-	-	(545)	(285)	-	-
GF CAP 49	Sustainability Programme	Spend	625	-	-	(565)	565	-	-	60	565	-	-
GF CAP 49	Sustainability Programme	CIL	-	-	-	-	(500)	-	-	-	(500)	-	-
GF CAP 50	TFL - LIP	Spend	392	-	-	3,492	9,266	9,198	9,888	3,884	9,266	9,198	9,888
GF CAP 50	TFL - LIP	s106	-	-	-	(330)	(2,276)	(226)	(226)	(330)	(2,276)	(226)	(226)
GF CAP 50	TFL - LIP	Grant	-	-	-	(3,554)	(6,489)	(8,472)	(9,162)	(3,554)	(6,489)	(8,472)	(9,162)
GF CAP 51	Unsuitable Housing Fund	Spend	14	-	-	-	-	-	-	14	-	-	-
GF CAP 52	Walking and cycling strategy	Spend	-	-	-	-	-	-	-	-	-	-	-
GF CAP 53	Waste and Recycling Investment	Spend	3,116	-	-	(1,558)	1,000	-	-	1,558	1,000	-	-
GF CAP 54	Waste and Recycling – Don't Mess with Croydon	Spend	1,358	-	-	200	1,000	-	-	1,558	1,000	-	-
GF CAP 55	Schemes with completion date prior to 2020/21	Spend	(158)	-	-	-	-	-	-	(158)	-	-	-
SUSTAINABLE COMMUNITIES, REGEN & ECONOMIC DVLPT			74,554	9,087	403	(42,656)	17,728	13,311	14,052	31,898	26,815	13,714	14,052
GF CAP 56	Asset Strategy - Stubbs Mead	Spend	3,298	-	-	(3,048)	700	-	-	250	700	-	-
GF CAP 57	Asset Strategy Programme	Spend	770	-	-	(748)	225	153	-	23	225	153	-
GF CAP 58	Asset Acquisition Fund	Spend	415	-	-	(390)	390	-	-	25	390	-	-
GF CAP 59	Clocktower Chillers	Spend	462	-	-	(412)	412	-	-	50	412	-	-
GF CAP 60	Corporate Property Programme	Spend	4,248	2,000	2,000	(1,454)	500	500	-	2,794	2,500	2,500	-
GF CAP 61	Crossfield (relocation of CES)	Spend	(146)	-	-	292	-	-	-	146	-	-	-
GF CAP 71	Croydon Healthy Homes	Spend	-	-	-	168	404	34	-	168	404	34	-
GF CAP 71	Croydon Healthy Homes	s106	-	-	-	(168)	(404)	(34)	-	(168)	(404)	(34)	-
RESOURCES			9,047	2,000	2,000	(5,760)	2,227	653	-	3,288	4,227	2,653	-
GF CAP 68	Capitalisation Direction	Spend	50,000	25,000	5,000	-	-	-	-	50,000	25,000	5,000	-
GF CAP 69	Transformation Spend (Flexible Capital Receipts)	Spend	1,893	-	-	500	2,500	2,500	2,500	2,393	2,500	2,500	2,500
GF CAP 69	Transformation Spend (Flexible Capital Receipts)	Cap Rcp	(1,893)	-	-	(500)	(2,500)	(2,500)	(2,500)	(2,393)	(2,500)	(2,500)	(2,500)
GF CAP 70	Further CIL (to be allocated)	CIL	(6,400)	(6,600)	(6,600)	-	-	-	-	(6,400)	(6,600)	(6,600)	-
CORPORATE			43,600	18,400	(1,600)	-	-	-	-	43,600	18,400	(1,600)	-
TOTAL - GENERAL FUND CAPITAL			164,684	35,687	10,722	(70,761)	29,990	11,585	20,328	93,923	65,677	22,307	20,328

Spend	190,581	49,178	23,351	(58,684)	63,209	31,811	38,265	131,897	112,387	55,162	41,265
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APPENDIX 1 - CAPITAL PROGRAMME

	APPROVED BUDGETS			REQUESTED CHANGES				PROPOSED CAPITAL PROGRAMME			
	2021/22 (£,000's)	2022/23 (£,000's)	2023/24 (£,000's)	2021/22 (£,000's)	2022/23 (£,000's)	2023/24 (£,000's)	2024/25 (£,000's)	2021/22 (£,000's)	2022/23 (£,000's)	2023/24 (£,000's)	2024/25 (£,000's)
CIL	(6,800)	(6,800)	(6,800)	100	(627)	(160)	-	(6,700)	(7,427)	(6,960)	-
s106	(771)	-	-	(4,951)	(2,965)	(260)	(226)	(5,722)	(2,965)	(260)	(226)
Reserves	-	-	-	(208)	(70)	-	-	(208)	(70)	-	-
Grant	(16,433)	(6,691)	(5,829)	(6,518)	(27,056)	(17,307)	(15,211)	(22,951)	(33,747)	(23,136)	(18,211)
Cap Rcp	(1,893)	-	-	(500)	(2,500)	(2,500)	(2,500)	(2,393)	(2,500)	(2,500)	(2,500)
	164,684	35,687	10,722	(70,761)	29,990	11,585	20,328	93,923	65,677	22,307	20,328

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