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| <b>REPORT TO:</b>   | <b>CABINET 25<sup>th</sup> November 2020</b><br><b>COUNCIL 30<sup>th</sup> November 2020</b>   |
| <b>SUBJECT:</b>   | <b>The Croydon Renewal Financial Recovery Plan and Submission to MHCLG for the Capitalisation Direction</b>  |
| <b>LEAD OFFICERS:</b>   | <b>Interim Chief Executive, Katherine Kerswell</b><br><b>Executive Director Resources, Jacqueline Harris Baker</b><br><b>Director of Finance, Investment &amp; Risk, Lisa Taylor &amp; Section151 Officer</b>                            |
| <b>CABINET MEMBERS:</b>   | <b>Leader of the Council, Councillor Hamida Ali</b><br><b>Cabinet Member for Croydon Renewal,</b><br><b>Councillor Stuart King</b><br><b>Cabinet Member for Resources &amp; Financial Governance,</b><br><b>Councillor Callton Young</b> |
| <b>WARDS:</b>   | <b>All</b>   |
| <b>SUMMARY OF THE REPORT</b>  |  |
| <p>The council's annual budget is required by law to be both balanced and deliverable in year and to provide a sustainable and balanced footing over the medium term for the delivery of all council services. However, it currently forecasts an in-year overspend in excess of £30m at the end of 2020/21.</p> <p>Further risks are very likely to arise which would increase the overspend up to £67m. This is considerably in excess of the council's general fund reserve, which now stands at £7m.</p> <p>In addition, the draft Medium Term Financial Strategy presented to Cabinet and Council in September 2020 identified future savings of £79m required over 2021/24 to meet future pressures not funded within the existing base budget.</p> <p>The Council does not currently have a deliverable plan to balance its budget this year as required by law. In view of this, the Chief Finance Officer issued a S.114 notice on 11 November 2020.</p> <p>The report proposes additional in-year savings of £0.5m revenue and £0.5m capital spending and department savings of £70m for 2021/24.</p> <p>Delivery of the level of savings needed will require a fundamental re-shaping of the organisation, not achievable in a single year. A capitalisation direction will therefore be requested from MHCLG for both the current year forecast and the likely gap in 2021/22 and future years with in the medium term financial strategy.</p> <p>In order to secure a Capitalisation Direction from government, the Council will need to demonstrate that it is willing to take difficult decisions in order to balance its budget in 2020/21, 2021/22 and future years.</p> |  |

This report sets out the first consultation proposals for savings in order to balance the 2021/22 budget and for later years. The financial gap will remain significant once these savings are implemented and the Council will need to continue to develop savings proposals to balance its budget over the next three financial years.

**FORWARD PLAN KEY DECISION REFERENCE NO.:**

The decisions in this report are not key decisions

**1. RECOMMENDATIONS**

The Cabinet is recommended to

- 1.1 Note that the in-year savings options approved at Cabinet and Full Council in September 2020 to reduce the forecast overspend this year and amend the 2020/21 budget have been reviewed and revised as part of the quarter 2 financial monitoring from £27.9m to £10.2m.
- 1.2 Note and recommend to Full Council the latest in-year forecast revenue budget overspend of £30m and the further risks that are likely to materialise which could increase the overspend up to £67m in this financial year.
- 1.3 Consider the additional in-year savings for 2020/21 that will be presented to the extraordinary meeting of Full Council on 1 December 2020 to respond to the S.114 notice.
- 1.4 Consider and recommend to Full Council the savings proposals for consultation as set out in this report for the Medium Term Financial Strategy and 2021/24 and note that consultation will begin on 9 December 2020. To note that the outcome of this consultation will be brought back to Cabinet and Full Council as part of the 2021/22 budget setting process in February / March 2021.
- 1.5 Delegate to the Executive Director of Place authority to commence the statutorily defined and required consultation to review the provision of library services.
- 1.6 Note that the September Cabinet and Full Council noted that an in-year review and future review of the capital programme was underway and that it would be reported back to the November cycle of meetings. Pressure of work has resulted in this report needing to be deferred. It will be reported to the December cycle of meetings.

**2. EXECUTIVE SUMMARY**

- 2.1 The London Borough of Croydon faces a significant challenge to become a financially balanced and sustainable council as required by law.

- 2.2 This situation has been caused by financial and other governance failures as identified in the Report in the Public Interest and other reports, and exacerbated by the Covid19 pandemic and a decade of austerity funding of local government nationally.
- 2.3 This lack of good governance and effective internal controls has led to the council experiencing deteriorating financial resilience for a number of years, culminating in a S.114 notice being issued in November 2020. The issuing of this notice by the S.151 officer was fully supported by the administration.
- 2.4 A new 2020/21 budget will be presented to Full Council on the 1<sup>st</sup> December 2020 to respond to the S.114 notice.
- 2.5 The September Cabinet and Council noted that an in-year review and future review of the capital programme was underway and that it would be reported back to the November cycle of meetings. This work is underway but due to pressure of work has resulted in this report needing to be deferred. It will be reported to the December cycle of meetings.

### **3 BACKGROUND**

- 3.1 Following an April 2020 meeting with the external auditor and receipt of their letter, the Council set up a Finance Review Panel in May 2020. With the support of external expert advisers, this panel attempted to deliver sufficient savings in year and rein in expenditure to balance the budget which was forecast to overspend by some £62.7m at the time.
- 3.2 An immediate measures programme and in-year savings were identified totaling some £27.7m in additional savings. This £27.9m when added to the existing £14m residual savings agreed as part of the 2020/21 budget would have contributed a significant amount towards the £62.7m forecast overspend.
- 3.3 However some errors in reporting led to £17.7m of these additional savings being incorporated into the forecast outturn in month 5 resulting in double counting. This was revealed from the extra due diligence checking of Quarter 2 outturn (month 6 reports). In total over £25m of savings are planned to be delivered in 2020/21.
- 3.4 Additional in-year pressures also emerged. The external auditor has raised concerns about the accounting treatment for some £5.8m of expenditure on the 2019/20 accounts. The non-payment of previous years' interest payments of £14m and the £5m dividend and £11m interest due in this financial year as per Brick by Brick's business plan for 2020/21 as agreed by Cabinet in February 2020 have also materialised as a serious risk to this year's accounts.
- 3.5 This has led the Council to revise its in-year forecast to project a £67m overspend in 2020/21 with only £7m in reserves.
- 3.6 For future years, taking account of increased demand and other inflationary pressure the council faces a deficit by the end of its medium term financial strategy in 2023/24 of £190m without corrective action.

- 3.7 It is clear that the Council will need a loan from government (known as a capitalisation direction) to cover the majority of the deficit for this financial year and for future years as the council works to reshape and balance its budget in a sustainable way.
- 3.8 In September 2020, Cabinet and Full Council agreed to formally open negotiations with MHCLG to agree a capitalisation direction. Based on the need to address the structural deficits in children's' and adults' services and broader savings proposals, loans would be required of £70m in 2020/21 and £64m in 2021/22.
- 3.9 MHCLG has appointed a non-statutory Rapid Review Team to report on the council's governance, culture and management of risk before recommending to MHCLG whether to agree to the request for a Capitalisation Direction for Croydon and to recommend whether any other intervention is warranted.
- 3.10 Full Council will meet on 1 December 2020 to consider the S.114 Notice, agree a revised budget and decide on any further action required to balance the budget in year. This will need to include the immediate reduction of the council's operational and service delivery costs.
- 3.11 This report therefore presents additional proposals for in-year non-staffing related savings of £0.5m revenue and £0.5m capital spending for 2020/21. It also presents consultation proposals for department savings totalling £70m for inclusion in the Medium Term Financial Strategy for 2021/24.

#### **4. ADDITIONAL RISKS TO BE CONSIDERED**

- 4.1 It is important to draw to Cabinet and full Council's attention that further risks may materialise that could have considerable impact on the Council's ability to balance its budget in year and in future years.

These risks include:

- The annual audit of accounts is underway and there could be adjustments required that could impact on the Council's current level of general fund reserves.
- The Report in the Public Interest recommendation requests a review of all Transformation Funding and whether it meets the national schemes criteria. Any expenditure that does not meet this will need to be covered in the general fund revenue budget.
- The HRA review currently underway could reveal charges that need to be posted to the general fund.
- Strategic Review of Companies recommendations could generate requirements for future funding
- Redundancy costs are not included in any of the estimates for future costs to be covered and will need to be capitalised.
- The review of all Council debt could result in write offs that are currently not covered in any forecasts.
- Whilst some future demand has been factored into growth, it could still outstrip forecasts.

- Cost to deliver the improvement plan and provide any specific and specialist skills to deliver have not been factored in at this stage.
- It would be reasonable to assume that the Government would cover further cost of the pandemic but this may not be sufficient to cover all costs incurred.
- The cost of the Democratically Elected Mayor referendum should it proceed next year has not been factored in at this stage.
- Covid19 may have an impact on the future income collected via the Collection Fund (Council tax and Business Rates).
- There is a risk of contract failure arising as a result of Covid19.
- Track record of delivery of savings.
- The Spending Control Panel has seen significant numbers of purchase orders raised which are backdated. It is unclear at this stage if these have been fully included in the financial forecast.

## **5. S.114 NOTICE AND EXPENDITURE CONTROL PROTOCOL**

- 5.1 On 11 November 2020 the Council's Chief Finance Officer (S.151) issued a S.114 notice to the London Borough of Croydon.
- 5.2 Once such a notice has been issued, the council is immediately prevented by law from incurring any expenditure, unless the Chief Finance Officer authorises it under grounds specified in the Local Government Act 1988. She has issued guidance to the Council on what expenditure is considered essential. The Council has set up a Spending Control Panel, which meets daily and is chaired by the Chief Finance Officer, her deputy or another manager in the council's finance team to control council spending. All expenditure; whatever the amount, must now be approved by the Panel, along with any recruitment requests.
- 5.3 Full Council is due to meet on 1 December 2020 and is required by law to consider the concerns raised in the S.114 notice and decide whether it agrees with the view contained in it and any action it proposes to take in consequence of it. The Chief Finance Officer will recommend a new budget for 2020/21 at that meeting.

## **6. ADDITIONAL IN-YEAR SAVINGS**

- 6.1 In order to address its' severe financial pressures, Full Council approved in-year additional revenue budget savings of £27.9m on 28 September 2020. In addition, capital expenditure was reduced by £156m (45%) in-year against a programme totaling £343m. However, the S.114 notice clarified that £17.7m of those £27.9m revenue budget savings were incorrectly identified as new savings.
- 6.2 Further related savings for this financial year are set out in the schedule in Appendix A and include for example; maintaining the existing stringent controls on all expenditure and recruitment, the reduction of agency staff, the stopping of all overtime, and the temporary reduction of highways maintenance to a minimum safe level. The total value of in-year savings is estimated at £0.5m revenue and £0.5m capital spending.

- 6.3 It is estimated that there may be some further savings to be achieved in this financial year but it is very difficult to predict with any certainty the amount at this stage. The Spending Control Panel has only been operational for a few weeks and therefore it is too soon to accurately predict the long term impact of its' work. In line with prudent financial management, the schedule in Appendix A offers a range in which the minimum figure is taken as the forecast or a zero forecast. Actual savings will be closely monitored and reported.

## **7. CROYDON COUNCIL RENEWAL (FINANCIAL RECOVERY) PLAN**

- 7.1 The Croydon Renewal Plan consists of a number of elements; an overarching improvement plan, a financial recovery plan, an improvement board to ensure delivery of these plans and a submission to MHCLG for the capitalisation direction the Council needs. This report; part 2 on the agenda is presenting to Cabinet the financial recovery plan element of the Croydon Renewal Plan.
- 7.2 In order to address the initially identified £79m budget gap in 2021/24, £91m of savings and income options have been identified across departments and corporate services. However, a total of £155m in investment was also required to address structural deficits and other financial correctives.
- 7.3 Structural deficits in the children's social care and adult social care budgets were not addressed in a timely fashion year on year which then manifested as significant overspends at the end of each financial year. Over £50m of transformation monies were spent on adults and children's services. Yet significant issues still remain with continued overspending and unresolved cost pressures.
- 7.4 This investment is required in 2021/22 to bring social care and other service budgets up to a level that reflects the actual cost of services currently delivered and committed to such as in placements or expected to meet future demographic and demand-led growth. It is also required to increase capacity in the Resources Department to support the transformation of the council such as a programme management office. Corporate investment is for inflation, including contracts and salaries.
- 7.5 Overall, there is growth of £105m in 2021/22, savings of £41m resulting in net growth of £64m. For the following two years growth is £50m and savings are £50m.
- 7.6 These incremental annual changes do not currently achieve a balanced budget position as the total growth requested significantly exceeds that included in the original modelling of the savings.
- 7.7 Further work will now commence to bring these growth bids down so a more affordable medium term strategy is presented to Cabinet and Full Council in February / March for the 2021/22 budget.

|                                     | <-- Incremental Annual Change --> |                      |                      | <-- Cumulative Annual Change --> |                      |                      |
|-------------------------------------|-----------------------------------|----------------------|----------------------|----------------------------------|----------------------|----------------------|
|                                     | 2021/22<br>(£,000's)              | 2022/23<br>(£,000's) | 2023/24<br>(£,000's) | 2021/22<br>(£,000's)             | 2022/23<br>(£,000's) | 2023/24<br>(£,000's) |
| <u>Efficiencies Proposals</u>       |                                   |                      |                      |                                  |                      |                      |
| Children, Families & Education      | (6,467)                           | (3,521)              | (1,564)              | (6,467)                          | (9,988)              | (11,552)             |
| Health, Wellbeing & Adults          | (9,708)                           | (10,614)             | (9,505)              | (9,708)                          | (20,322)             | (29,827)             |
| Place                               | (11,755)                          | (5,749)              | (4,426)              | (11,755)                         | (17,504)             | (21,930)             |
| Resources                           | (3,491)                           | (1,536)              | (1,230)              | (3,491)                          | (5,027)              | (6,257)              |
| <b>Total Efficiencies Proposals</b> | <b>(31,421)</b>                   | <b>(21,420)</b>      | <b>(16,725)</b>      | <b>(31,421)</b>                  | <b>(52,841)</b>      | <b>(69,566)</b>      |
| <u>Growth Requests</u>              |                                   |                      |                      |                                  |                      |                      |
| Children, Families & Education      | 24,870                            | 85                   | 77                   | 24,870                           | 24,955               | 25,032               |
| Health, Wellbeing & Adults          | 28,891                            | 6,919                | 6,880                | 28,891                           | 35,810               | 42,689               |
| Place                               | 6,082                             | (400)                | 1,000                | 6,082                            | 5,682                | 6,682                |
| Resources                           | 8,541                             | (565)                | (355)                | 8,541                            | 7,976                | 7,621                |
| Corporate Budgets                   | 10,463                            | 10,673               | 10,886               | 10,463                           | 21,136               | 32,022               |
| <b>Total Growth Requests</b>        | <b>78,847</b>                     | <b>16,712</b>        | <b>18,488</b>        | <b>78,847</b>                    | <b>95,559</b>        | <b>114,046</b>       |
| <b>Net</b>                          | <b>47,426</b>                     | <b>(4,708)</b>       | <b>1,762</b>         | <b>47,426</b>                    | <b>42,718</b>        | <b>44,480</b>        |
| Corporate Pressures                 | 26,245                            | 7,994                | 7,052                | 26,245                           | 34,239               | 41,291               |
| Corporate Funding (C/Tax & NNDR)    | (9,423)                           | (5,756)              | (5,872)              | (9,423)                          | (15,179)             | (21,051)             |
| <b>Net Remaining Gap</b>            | <b>64,248</b>                     | <b>(2,470)</b>       | <b>2,942</b>         | <b>64,248</b>                    | <b>61,778</b>        | <b>64,720</b>        |

7.8 In developing these proposals a number of options have been considered in budget development meetings. They have been further challenged at the business development meeting challenge panels with rigorous LGA/external challenge input. The conclusions of all those meetings have resulted in the savings proposals for consultation as outlined in Appendix B.

## 8. CONSULTATION

8.1 Each savings proposal in this report will require further verification and due diligence along with its own process for implementation including consultation with staff, the public, the business community and service users prior to any decision to implement is taken and as part of this consultation the equalities impacts will be fully considered.

8.2 Significant changes to library services are subject to specific statutory consultation processes, with weight attached to engagement, allowing time for responses, equalities impact assessments and the level of resource available to fund services. The Executive Director for Place will draw up a consultation timetable and process that accords with the statutory requirements.

## 9 PRE-DECISION SCRUTINY

9.1 Members of the Scrutiny and Overview Committee considered progress in developing the Council's improvement programme and work to improve the council's financial position on 17 November 2020. The Croydon Renewal Plan reports both Parts 1 and 2 will be further considered by that committee during December and January with feedback provided to Cabinet in January and February as part of the formal budget decision making process.

## **10 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS**

- 10.1 This report clearly identifies that the Council currently cannot balance its budget over the period of the Medium Term Financial Strategy and support from MHCLG in the form of a capitalisation direction will be essential to ensure that there is time to remodel the council's operating costs and deliver the savings programme safely.
- 10.2 The table above details the savings and growth that have currently been identified for next year and the two following years. It can be seen that the budget is unbalanced for 2021/22 with a forecast budget gap of £64.2m. Whilst work will continue to reduce this budget gap support will be required in the form of a capitalisation direction.
- 10.3 The forecast departmental growth next year is currently estimated to be £68m, with a further £37m of corporate growth, offset by departmental savings of £31m and corporate savings of £9m, resulting in a budget gap of £64m at the time of writing.
- 10.4 Further work will continue to be undertaken to reduce this budget gap. The lower the gap the less capital borrowing will be required in the form of the capitalisation direction. It is essential that the borrowing is kept as low as possible as this will incur repayment costs for the council for a long period.
- 10.5 Given the current forecast budget gap the capitalisation direction will be essential to the future financial viability of the London Borough of Croydon and Members and Officers are committed to working with MHCLG to agree the direction and deliver plan to make Croydon financially sustainable by the end of the MTFS period.
- 10.6 The issuing of a S114 notice was necessary as the current year's budget remains unbalanced with costs greater than the funding available and no deliverable plan to deliver a balance budget at present. This will be dealt with in more detail at the extraordinary Full Council meeting on the 1 December 2020 which will be dedicated to the issue of the S114 notice and response within the statutory 21 day deadline.

## **11. LEGAL CONSIDERATIONS**

- 11.1 The Head of Litigation and Corporate Law comments on behalf of the interim Director of Law and Governance that the Local Government Finance Act 1992 section 31A places the Council under a statutory responsibility to set a balanced budget i.e. the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year must not exceed resources (including sums borrowed) available to it to meet that expenditure.
- 11.2 The report presented to Members by the Chief Finance Officer on 11 November 2020 was issued under section 114(3) of the Local Government Finance Act 1988 (LGFA) . Such a report must be issued where it appears to the Chief Finance Officer that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed resources



(including sums borrowed) available to it to meet that expenditure. A copy must be served upon Members and the council's auditors.

- 11.3 Where a report has been made under S114(3), then during the prohibition period the authority shall not enter into any new agreement which may involve the incurring of expenditure (at any time) by the authority unless the chief finance officer of the authority authorises it to do so. For these purposes "the prohibition period" means the period—
- (a) beginning with the day on which copies of the report are sent, and
  - (b) ending with the first business day to fall after the day (if any) on which the authority's consideration of the report under is concluded.
- 11.4 During the prohibition period, the Chief Finance Officer can authorise expenditure only to improve the situation, prevent the situation from getting worse or prevent it from recurring. Contracts entered into in breach of these provisions are void.
- 11.5 The report proposes numerous ways of changing/reducing/removing services and each of these proposals will need to be assessed to ascertain whether or not there is a requirement to consult prior to consideration of such changes. The law has recognised that there are four main circumstances where a duty to consult may arise. First, where there is a statutory duty to consult. Second, where there has been a promise to consult. Third, where there has been an established practice of consultation. Fourth, where, in exceptional cases, a failure to consult would lead to conspicuous unfairness.
- 11.6 The key features of a lawful consultation process, commonly referred to as the "Gunning" requirements are set out in R v Brent LBC ex parte Gunning (1985) 84 LGR 168 QBD. These principles require that consultation should:
- a) be undertaken at a time when the relevant proposal is still at a formative stage;
  - b) give sufficient reasons for particular proposals to permit of intelligent consideration and an intelligent response;
  - c) give consultees adequate time for consideration and response; and
  - d) the product of consultation must be conscientiously taken into account when finalising any proposals.
- 11.7 In addition, in making decisions pertaining to changes in spending and budgets which could impact on service delivery, the decision makers need to consider the Council's obligations under the Equality Act 2010, in particular, the requirement to have due regard to the three aims of the Public Sector Equality Duty (the Equality Duty) in designing policies and planning / delivering services. In reality, this is particularly important when taking decisions on service changes. The three aims of the Equality Duty are to;-
- a) Eliminate unlawful discrimination, harassment and victimisation;
  - b) Advance equality of opportunity; and
  - c) Foster good community relations between people who share any of the defined Protected Characteristics and those who do not.
- 11.8 Whilst the Council must have due regard to the Equality Duty when taking

decisions, there is a recognition that local authorities have a legal duty to set a balanced budget. However, where a decision is likely to result in detrimental impact on any group with a protected characteristic it must be justified objectively. This means that the adverse impact must be explained as part of the formal decision making process and attempts to mitigate the harm need to be explored. If the harm cannot be avoided, the decision maker must balance the detrimental impact against the strength of legitimate public need to pursue the service change to deliver savings. Finances cannot be the sole consideration.

- 11.9 Members are specifically referred to the case of *WX v. Northamptonshire County Council* [2018] EWHC 2178 (Admin) <https://www.casemine.com/judgement/uk/5b7a6bd92c94e0268d0dc356where> where decisions of both the Cabinet and Council to make budget cuts and changes to the delivery of library services following the service of a section 114(3) report were found to be unlawful and quashed for failure to take account of consultation responses. The court held that whilst Cabinet could not be criticised for being motivated by the financial situation this could not be their only concern when there were statutory duties to comply with. The key point of this decision therefore is the need to ensure that the rules surrounding consultation and decision-making are followed when reaching decisions about service provision even where there is a recognised urgent need to make a decision because of finances.

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

## **12. HUMAN RESOURCES IMPACT**

- 12.1 Any budget proposals that may have an impact on the workforce would be consulted on in line with agreed formal consultation arrangements with the recognised trade unions.

Approved by: Sue Moorman on behalf of the Director of Human Resources

## **13. EQUALITIES IMPACT**

- 13.1 The 2010 Equality Act, whilst not imposing a specific duty to consult, lays a requirement to have due regard to the equality impact when exercising its function. As a public body, the Council is required to comply with the Public Sector Equality Duty (PSED), as set out in the Equality Act 2010. The PSED requires the Council to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out their activities. Failure to meet these requirements may result in the Council being exposed to costly, time-consuming and reputation-damaging legal challenges.
- 13.2 An Equality Impact Assessment (EqIA) is the chosen procedure by the Council for checking the lawfulness of decisions in relation to the impact on people with certain characteristics protected by the Equality Act

- 13.3 Assessing the impact of proposed changes to policies, procedures, services and organisational change is not just something the law requires; it is a positive opportunity for the council to ensure it makes better decisions, based on robust evidence.
- 13.4 Our approach is to ensure quality information about the equality impact of savings proposals are considered as part of the process and financial decision making and is therefore designed to demonstrate that the Council has proper regard to these aims, in accordance with its statutory equality duties.
- 13.5 The Council seeks to ensure that even in this time of economic challenges the substantial savings are identified and delivered in an informed, balanced and sustainable way. At the end of the process we seek to ensure that going forward our budget is better targeted and that money is spent where it will have the greatest effect.
- 13.6 As an organisation we are committed to protecting the most vulnerable in our communities and to ensure that in making difficult decisions about funding we maintain an absolute commitment to tackling inequality and disadvantage and promoting equality for everyone who lives and works in the borough.
- 13.7 The equalities impact assessment identifies those areas within the 2020/21 savings proposals which are relevant to equalities and seeks to describe their potential equalities impact when taken together. Our approach for assessing the equalities impact of savings proposals is an ongoing process. At this stage the analysis is indicative and as individual proposals are further developed and implemented they will be subject to further assessment.
- 13.8 The Council recognises that, in determining the savings proposals, account is taken of relevant knowledge and information within the relevant area or directorate, as well as from service users or potential users. It is possible that there will be people that will be impacted on more by more than one reduction or service change outside the managers influence. This is referred to as 'cumulative impact' and the council has sought to understand such an impact, particularly in relation to people with protected characteristics.
- 13.9 In undertaking the cumulative equality analysis we have focused on the following:
- 13.10 As the proposals have developed they have been screened for potential impacts on those with protected characteristics (race, sex, disability, religion or belief, sexual orientation, gender reassignment, pregnancy and maternity, and age), as well as non-statutory equalities considerations: language, socioeconomic and health and social wellbeing.
- 13.11 We will not complete separate EAs on each proposal. We will undertake a screening of all savings proposals and identify those that are relevant to equality and thereby need to be assessed - for the most part these will be assessments that focus on the potential for the proposals to affect staff, residents and/or service users.

13.12 The impact of the proposals on staffing is addressed through Equality Analysis undertaken as part of the HR process except where a savings proposal involves the deletion of a service in its entirety and the impact on staff of redundancies is clear.

13.13 Initial analysis of the potential cumulative equalities impacts has been carried out, and is reported in Appendix C to the report with the potential impact of the budget proposals on the Council's equality objectives.

Approved by: Yvonne Okiyo, Equalities Manager

#### **14. ENVIRONMENTAL IMPACT**

14.1 It is proposed to consult on closing one Household Waste, Reuse and Recycling Centre. Consideration will be given to the necessary improvements to another facility to increase its capacity.

#### **15. CRIME AND DISORDER REDUCTION IMPACT**

15.1 As a result of the financial challenges the Council faces, there are a range of proposals in this report for consultation that could impact the local authority's ability to act on crime and disorder in the borough.

15.2 The Council will continue to work through its Community Safety Partnership (the Safer Croydon Partnership Board) to mitigate the impact of proposals in this report. In the next financial year the local authority will update and replace its current community safety strategy to make best use of the assets and resources in the borough to reduce crime and disorder and the impacts on our residents.

#### **16. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION**

16.1 Following the issue of a S.114 notice on 11 November 2020, this report presents further in-year savings of £0.5m to reduce the projected budget deficit for 2020/21 of £30.2m plus the £36m of further pressures arising from Brick by Brick non payment and clarification of accounts for 2019/20. The report also presents savings proposals for consultation to aid the development of the 2021/22 budget and later years in the medium term financial strategy.

#### **17. DATA PROTECTION IMPLICATIONS**

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

NO.

The Director of Finance, Investment and Risk comments that this report presents high-level financial data only.

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**CONTACT OFFICER:** Katherine Kerswell, Interim Chief Executive

**APPENDICES TO THIS REPORT**

Appendix A – Schedule of additional in-year savings for 2020/21

Appendix B – Schedule of proposals for savings and growth in 2021/24

Appendix C – Equality Assessment

**BACKGROUND DOCUMENTS:** None