

Appendix D - Medium Term Financial Strategy Financial Model

	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m
Net remaining budget gap quoted in March 2022	27.389	8.699		
Add back the Council Tax included as a saving	6.600	6.600		
Add in Housing Benefit pressure	9.000	0.500	0.500	0.500
Add in SCRER Pressures				
- Parking and Traffic including £3.4m unachievable saving	13.800			
- Building Control	0.700			
- Selective Licensing	1.500			
- SEND pupil numbers	0.700			
Corporate Items risk budgets removed	-9.369			
Add in unachievable income saving	2.000			
Business rates pressure	1.000			
General Risk and Contingency		5.000	5.000	5.000
MRP	2.600			
Inflation – pay and other costs	10.000		17.000	17.000
World economy improves taking pressure off inflation			-5.000	-5.000
Cost of living demand pressures	10.000			
Refuse contract retender costs and ongoing increase	0.500		2.500	
Salaries wrongly capitalised	1.250			
Interest rates increase	10.000	5.000		
Loss of Homelessness Prevention Grant	3.000			
HRA/GF realignment	9.500			
NHS Funding	5.000			
Revised gap	105.170	25.799	20.000	17.500
New Government Funding				
Business Rates Freeze - S31 Grant Compensation	-3.000			
Better Care Fund	-2.800	-1.300	4.100	

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Funding made available through the delay in the Adult Social Care Reforms	-6.100	-2.900	9.000	
Total	-11.900	-4.200	13.100	0.000
Savings				
Assistant Chief Executive's				
Delete Director of Service Quality, Improvement and Inclusion Post	-0.122			
New grave sites at Mitcham Road and Queen's Road	-0.091			
Visual Tribute system at Croydon Crematorium	-0.031			
Reinstatement of an elections canvass budget	0.065			
Reduced support in the Mayor's Office	-0.040			
Corporate Learning and Development budget	-0.100			
Adult Social Care and Health				
Active Lives post deletion	-0.060			
Absorption of inflation within existing budgets	-0.500			
Fees and charges increase in line with DWP	-0.150			
Reduce by one day centre (Facilities Management cost only)	-0.038			
Closure of the Garden Centre	-0.180			
Transitions demographics growth bid	0.463			
Transitions historic inflation growth bid	0.278			
The managing demand programme will deliver a revised operating model for Adult Social Care & Health.	-0.150			
Staff vacancy factor of 5%	-1.000			
Personal Protective Equipment (PPE) previous budget growth reversed as it can be charged to the Contain Outbreak Management Fund grant.	-0.325			
Sustainable Communities				
Reduced Museum activity	-0.071			
Removal of a school crossing patrol budget that is no longer required	-0.060			

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Further use of Community Infrastructure Levy instead of General Fund funding where appropriate	-0.250			
Delay previously planned Highways growth for one year only	-1.000	1.000		
Remove remaining budget that previously used to fund Adult Social Care Transport (discontinued in 2020)	-0.050			
Redesign leisure sports development service	-0.045	-0.045		
Fund the General Fund element of the Croydon Museum through the Growth Zone fund for a period of 2 years whilst transforming the service delivery model	-0.200			
The charging of a percentage of salaries in Planning and Regeneration to income sources other than General Fund eg Growth Zone, Community Infrastructure Levy and external grants	-0.115		0.017	
Children, Young People and Education				
Restructure Youth Engagement Team	-0.202			
Reduced demand for legal services	-0.570			
Growth reduction	-0.800			
Service efficiencies through hybrid working	-0.500			
Staff vacancy factor of 5% across Quality, Commissioning and Performance Improvement	-0.253			
Non-staffing spend across Quality, Commissioning and Performance Improvement	-0.036			
Increase Health/Public Health contribution to integrated commissioning team	-0.057			
Complete the service redesign across the education division	-0.044			
Income generation in Systemic and Clinical Practice	-0.045			
Review children with disabilities care package budget	-0.200			
Growth reduction	-0.400			
Service efficiencies through hybrid working	-0.080			
Reduction in Council contribution to the Safeguarding Partnership	-0.020			

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Housing				
Housing structural deficit	3.286			
Reverse previous savings from 2022/23 which are not deliverable	1.889			
Vacancy factor to be deducted from salary budget	-0.302			
Housing Needs restructure	-1.000			
Occupancy checks	-0.400	-0.300		
Discretionary placement review	-0.600	-0.450		
Income collection improvement		-0.200		
Income recovery / reduce split rooms net spend	-0.300			
Housing Association recharge and nominations	-0.078			
Repurpose general needs voids for emergency accommodation		-0.175	-0.175	
Emergency accommodation dynamic purchasing systems implementation	-0.125	-0.125		
Demand management net reduction of placements		-0.239	-0.414	
Resources				
Premier Supplier commission	-0.100			
Improvement costs met from reserves	-0.500			
Net saving from duplicated interest budget	-1.600			
Recovery of housing benefit overpayments	-0.663			
Council Tax Support Scheme	-1.200			
Reduction in running costs in Finance including Revenues, Benefits, Business Rates and the Debt Team	-0.100			
Additional Court Cost income	-0.500			
Additional HRA charge for insurances	-0.500			
Additional commercial rent income	-0.130			
Reduction in banking contract budget	-0.022			
Contribution from pensioners budget being underspent	-0.040			
Vacancy factor to be deducted from the General Fund salary budget	-0.355			
Total savings net of growth	-10.319	-0.534	-0.572	0.000

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Transformation				
Income and Debt Review	-0.500			
Workforce Transformation – HR Transformation				
Business Intelligence	-1.000			
Housing Benefit Review	-1.000			
Family Justice Service Review		-0.350		
CSC managing demand at the front door	-0.200			
Voluntary and Community Sector Review	-2.000			
Community Equipment Service Transitions				
Temporary Accommodation Case Review	-1.050			
Digital Workforce Review	-1.000			
Customer Access Review (delivers £2.5m in savings previously included in the March 2022 MTFs, spread across 2023/24 and 2024/25)				
Resilient communities and community hubs		-0.430		
Review of adult social care placements				
Review joint funding children's placements and arrangements across education, health and care		-0.250		
Fostering service transformation	-0.225			
Domiciliary Care Re-model				
Reablement & Hospital Discharge				
Mental Health S117 project				
Strategic Planning & Commissioning				
Commercial & Income Opportunities				
Croydon Campus				
Building Control Transformation		-0.300		
Croydon Museum Transformation (cost avoidance)				
Parking Policy	-0.200	-0.200		

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Transformation of Planning Service e.g. CIL & S106 Strategy, including digital/ICT automation		-0.250		
Total Transformation	-8.475	-1.780	0.000	0.000
Remaining gap	74.476	19.285	32.528	17.500
Reverse capitalisation contribution		80.000	60.000	40.000
Previous year gap		-2.824	4.661	32.589
MRP on 2024/25-2026/27 Capitalisation (20 years straight line)		4.000	3.000	2.000
MRP on Legacy Capitalisation of £74.6m (20 years straight line)	3.700			
Additional interest	3.000	3.200	2.400	1.600
Application of capital receipts (£50m - 2022/23 onwards for four years)	-3.000	-3.000	-3.000	-3.000
Transformation Investment	10.000	-5.000		
Remaining gap	88.176	95.661	99.589	90.689
Less potential Council Tax at 5% for 2023/24 and 2024/25 then 3% thereafter	-11.000	-11.000	-7.000	-7.000
Less further savings deemed deliverable annually		-20.000	-20.000	-20.000
Shortfall	77.176	64.661	72.589	63.689
Capitalisation for illustration (but not preferred option)	-80.000	-60.000	-40.000	-15.000
-Surplus/+Shortfall	-2.824	4.661	32.589	48.689
Total of future years capitalisation direction modelled for illustration				195.0
Total of legacy capitalisation request (CAH assumed at £9m not the £70m full risk)				74.6
Total capitalisation direction request				269.6