

<b>REPORT TO:</b>	<b>CABINET 21 SEPTEMBER 2015</b>
<b>AGENDA ITEM:</b>	<b>6</b>
<b>SUBJECT:</b>	<b>AUTUMN FINANCIAL STATEMENT</b>
<b>LEAD OFFICER:</b>	<b>RICHARD SIMPSON ASSISTANT CHIEF EXECUTIVE (CORPORATE RESOURCES AND SECTION 151 OFFICER)</b>
<b>CABINET MEMBER:</b>	<b>CLLR TONY NEWMAN LEADER OF THE COUNCIL CLLR SIMON HALL, CABINET MEMBER FOR FINANCE AND TREASURY</b>
<b>WARDS:</b>	<b>ALL</b>

**CORPORATE PRIORITY/POLICY CONTEXT:**

The recommendations in the report will help to ensure effective management, governance and delivery of the Council's medium term financial strategy and ensure a sound financial delivery of the 2015/16 in-year budget. This will enable the ambitions for the borough for the remainder of this financial year to be developed, programmed and achieved for the residents of our borough.

**AMBITIOUS FOR CROYDON & WHY ARE WE DOING THIS:**

Strong financial governance and stewardship ensures that the Council's resources are aligned to enable the priorities, as set out in the Corporate Plan 2015 -2018, to be achieved for the residents of our borough and further enables medium to long term strategic planning considerations based on this strong financial foundation and stewardship.

**FINANCIAL IMPACT**

Since the Council set the 2015/16 budget there have been a number of policy changes made by Government that will impact on the in-year budget and are expected to increase the pressure on the budget of the Council by over £8m per annum. These include a reduction in Home Office funding for Unaccompanied Asylum Seeking Children, a cut to the Public Health Grant, changes to the Welfare and Housing Bill and changes impacting on income earned from Parking. This report sets out the measures which the Council will be taken to re-balance the impact from this Government policy change.

These continuing cuts to funding for Croydon detailed above alongside the increasing demand on a range of statutory services that the Council provides has led to a pressure on the 2015/16 budget and the need for further consideration of more radical options that are open to the Council to ensure that key services to Croydon residents are protected wherever possible. The current financial position and options are set out clearly in this report.

The projected departmental revenue outturn for 2015/16 is **£3.163m** greater than budget including **£7m** savings from corporate related items. This is an improved position of **£0.8m** from the report to Cabinet in July.

If the projected outturn became the final outturn there would need to be a contribution of **£3.163m** from General Fund balances. This would be if no further corrective action were taken over the remainder of the year. A programme of action has been identified to

achieve a balanced budget position for 2015/16, significant elements of which are outlined within this report.

The Housing Revenue Account is projected to underspend by £2m in 2015/16, however the legislative proposals to the Housing Revenue Account set out in this report will have a significant impact on the housing revenue account from 2016/17. Income from rents over the period of the 30 year business plan are expected to fall from £3.466bn to £3.020bn.

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

Not a key decision

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

### **1 RECOMMENDATIONS**

Cabinet is recommended :-

- i) In the light of the financial pressures the Council is facing from Government Grants reductions and changes to policy as detailed in the report endorse actions being taken with Central Government as part of the Fair Funding for Croydon initiative, and note the proposed local policy developments to help mitigate the impact on Croydon 's budgets.
- ii) The Assistant Chief Executive (Corporate Resources and S151 Officer) in consultation with the Leader, Cabinet Member for Finance and Treasury and Chief Executive be given executive delegated authority to make decisions which are in the best interests of the Council to deal with government grant cuts in a timely, efficient and expedient manner.
- iii) Approve the actions contained within this report to address the projected Revenue Outturn forecast for 2015/16 of **£3.163m** over budget and HRA position of a **£2m** underspend.
- iv) Approve the virements as detailed in paragraph 5.1 of this report;
- v) Agree that in relation to the significant impact of the proposed changes in social rent policy on the Housing Revenue Account (HRA) business plan further work is undertaken on proposals to reduce expenditure within the HRA whilst, as far as possible, minimising the impact on tenants, the housing stock and the supply of new homes;
- vi) The Leader gives executive delegated authority to the Executive Director Place in consultation with the Cabinet Member for Clean Green Croydon to undertake the relevant steps to finalise the review of the green garden waste service and introduce a green waste policy for the borough; and
- vii) The Leader gives executive delegated authority to the Executive Director Place in consultation with the Cabinet Member for Transport and Environment to undertake the relevant steps to finalise the review of the current parking policy and introduce a revised more equitable parking policy for the borough.

## 2. EXECUTIVE SUMMARY

- 2.1 This paper updates the Council's current financial outlook following a range of national funding changes and sets out how the Council will continue to strive to offer the best local services for residents and businesses alike.
- 2.2 Local Government funding has been unfairly targeted in the past six years' national Government Budgets. To maintain core public services, local councils across the country have had to dramatically evolve how services are delivered and make challenging decisions to prioritise how vastly diminished resources can best serve local needs. In some instances, necessity has been a catalyst for innovation, but it has also led to large scale job losses, reduced levels of provision and stretched vital services.
- 2.3 Since 2010, £20 billion of savings have been made across Local Government as its budget has been cut by 40%. This has led nationally to:
- 350,000 fewer full time staff;
  - 150,000 fewer people receiving adult social care;
  - 470 libraries closing;
  - Spending on sports and leisure services decreased by 15 per cent;
  - Spending on road repairs decreased by 17 per cent; and
  - Spending on parks decreased by 10 per cent.
- 2.4 In addition to the dramatic reduction of the Council's direct support grant, we continue to unfairly see unfunded changes to national policy put an even greater burden on the local tax payer. These are detailed in full further in this report.
- 2.5 In its recent submission to the Treasury ahead of the November spending review, the Conservative led LGA has made it clear that this picture needs to change. LGA Chairman Cllr Gary Porter spelt this out in saying: "Leaving councils to pick up the bill for new national policies while being handed further spending reductions cannot be an option.
- "Enormous pressure will be heaped on already stretched local services if the Government fails to fully assess the impact of these unfunded cost burdens when making its spending decisions for the next five years. Vital services, such as caring for the elderly, protecting children, collecting bins, filling potholes and maintaining our parks and green spaces, will simply struggle to continue at current levels".
- 2.6 These pressures are felt even more acutely in Croydon than most parts of the country. It is the Council's duty to local people and businesses to fight for the fairest deal for good quality services and access to decent jobs and homes. To that end, the Council has reignited its engagement with Government departments to challenge the many national policy changes and secure a fairer deal. The Council has asked all local politicians to join our call for a fairer deal.
- 2.7 It is imperative that the Council continues to deliver a balanced budget in order to deliver its ambitions for public services in Croydon. The Council has clearly set out its ambitions and these are:
- Delivering affordable council tax
  - Continuing to improve our street cleaning and tackle fly tipping
  - Delivering more affordable Housing and the Landlord Licensing Scheme
  - Making all Croydon schools and colleges a destination of choice
  - Supporting Croydon College to deliver University education in Croydon
  - Working with our partners to improve East Croydon Station (Croydon Central)
  - Delivering a London Living Wage Borough
  - Delivering 8,500 new homes

- Delivering 24,000 new jobs
- Delivering joined up health and social care services
- Putting culture at the heart of regeneration

- 2.8 While the Council faces tough financial decisions, it does so with a clear view to deliver these ambitions for Croydon. The Council's strong financial stewardship has created headroom for good progress to be made on delivering these ambitions. It has also created the headroom for the Council to press ahead with even more positive plans for improving the local service offer. Over the coming months, the Cabinet will consider innovative plans for improving services for young people; for a pioneering digital inclusion programme; for promoting our parks and leisure services; for supporting our voluntary sector partners; for providing a local safety net for our most vulnerable residents; and for delivering on our commitments for regenerating our town and district centres. Equally, the Council will continue to pursue the Growth Zone agenda to deliver more jobs, education and training and housing for local residents.
- 2.9 This report is an update on the current financial position of the Council, and follows on from the July Review report presented to Cabinet on the 13th July 2015. It provides details of the financial position for 2015/16 and the financial challenges which the Council faces over the medium term.
- 2.10 In order for the Council to achieve its bold ambitions for the borough it will need to both manage and reshape the financial challenges it faces both within year and in future years. It is a prerequisite of any good organisation that strong financial management, stewardship and governance remain fundamentally key to its future success.
- 2.11 Since the Council set the 2015/16 budget there have been a number of policy changes made by Government that are forecasted to increase the pressure on the budget by over **£8m** per annum as detailed below:-

#### **2.11.1 Home Office – Unaccompanied Asylum Seeking Children (UASC)**

The Home Office wrote to the Council after the budget for 2015/16 was set to reduce the daily rate the Council received for UASC by just under 20%. Based on the numbers of children for last year this would equate to a loss of funding of just under **£4m**. Croydon have been treated as a Gateway authority due to the position of the home office in Lunar House. This loss of funding is not included in the projected overspend. The Council has requested an urgent meeting with the Immigration Minister James Brokenshire. A copy of the letter is at Appendix 3a to this report.

#### **2.11.2 Public Health Grant**

Since the General Election the Government announced an in-year cut to the Public Health Grant. This is being passed onto all local authorities. A national consultation has now been published on the potential ways this cut will be implemented. Our response to this consultation is at appendix 3b to this report. The preference from Government is that this is done as a top slice on an equal percentage basis (6%). Croydon would lose **£1.3m**.

#### **2.11.3 Welfare and Housing Bill**

There are a number of changes contained within the Welfare & Housing Bill that when in force will have a direct impact on the Council. The estimated financial pressure this year arising from temporary accommodation is around **£2m**. The detailed impact on the HRA is set out in paragraph 6.

## 2.11.4 CALAT –Croydon Adult Learning and Training

In July 2015 the Skills Funding Agency announced that it would be reducing the Adult Skills Budget in the academic year 2015/16. The impact of this is a **£0.4m** reduction for Croydon in the 2015/16 financial year and work is currently underway to manage this cost reduction within the service.

## 2.11.5 Parking CCTV and Licensing

The Deregulation Act 2015 received royal ascent at the start of the financial year and amends the Traffic Management Act 2004 to enable restrictions to be placed on the serving of Penalty Charge Notices (PCN's) by post. This has the effect of limiting the use of CCTV and Automatic Number Plate Recognition (ANRP) for the purpose of identifying parking contraventions. As a result of this change in legislation the level of income received is estimated to reduce by **£0.7m** in 2015/16 adding further pressure to the budget.

In response to all these issues we continue to make Government aware of the pressures we face through our submission to the Spending Review and meetings with relevant Ministers.

2.12 The Governments Emergency Budget on the 8<sup>th</sup> July 2015 contained a number of policies that will further impact on local government. At this stage not all of the implications have been fully clarified. The main impacts for Croydon are:-

- **Spending Review**

The spending review is taking place on the 25<sup>th</sup> November 2015 and at this stage no clarification of the time period it will cover has been set. As part of this review we have had the opportunity to respond to a consultation. A copy of this response is at appendix 3c to this report.

- **Welfare Reform**

£12 billion of savings from the working age welfare budget by 2019/20. There are a number of items that will affect families in the borough and demand for services. Household benefit cap lowered from £26k to £23k in London. Tax credits are set to be substantially reduced.

- **Social Housing**

Changes to rents and the eligibility to housing benefits for 18-21 year olds  
Reduction in rents by 1% a year for the next 4 years

- **Public Sector Pay**

Increases being limited to 1% per annum until 2019/20.

## 2.13 Outturn

The Council ended the last financial year with a net overspend of £0.920m, although this included departmental overspends of £9.424m. The 2015/16 budget was set and included net savings of £16.619m. It was clear when the budget was set that there was a level of risk in a number of those savings proposals. To add to this the additional issues set out above have only added risk to the delivery of the budget. The Council's overall forecast over spend of £3.163m is made up of Departmental over spends of £10.163m; offset by non-departmental underspends of £7m. Details are provided in Table 2, Section 3 of this report. The areas of overspend remain in the People department. Detailed information is set out in Appendix 1 to this report.

### 3. GENERAL FUND 2015/16 REVENUE SUMMARY

- 3.1 The first quarter of 2015/16 has seen the Council face continuing rapid increases in demand for a number of services in the People department. The Government grant system now takes no account of the rapidly changing population and also changing demographics in Croydon resulting in the delivery of a balanced budget becoming a much more challenging task.
- 3.2 The People department or its equivalent has overspent for the last 3 years and there have been a number of strategies for looking to manage that demand and also for managing the costs of supply better through the Council's commissioning and procurement activity. This has been successful in some cases but costs continue to increase in a number of key areas year on year.
- 3.3 The creation of the People department in the last 6 months is a further attempt to integrate our support to families and look to improve outcomes and reduce costs. Think Family is a key Croydon Challenge project which will continue to receive focus over the next 12 months. This is part of a concerted programme to deliver to key vulnerable groups in the face of the financial and other pressures being faced by the Council.
- 3.4 The People Department is where the main overspend of the Council is. The projected overspend in 2015/16 is **£11.443m** and is mainly due to the following four areas set out in Table 1 below (and is before any impact of changes to UASC funding):-

**Table 1 – 2015/16 Main Demand Pressures within the People Department**

Service	Forecast 2015/16 £'000s	Gross forecast overspend 2015/16 £'000s	Outturn spend 2014/15 £'000s	Outturn variance 2014/15 £'000s	Demand Pressure
Looked After Children	23,505	1,045	26,022	3,648	The strategies to ensure we are looking after the right children and a focus on prevention are starting to have effect.
SEN – Transport	8,163	1,351	7,243	1,568	There has been year-on-year growth on demand and pressures due to previous supplier issues. These are being addressed as set out in separate Cabinet paper.
Adult Placements	51,972	6,599	50,285	4,779	Population increase in the borough, alongside increase in number of complex cases
Temporary Accommodation	5,036	2,655	3,920	1,479	Increasing demand notably as a result of changes to the welfare system

- 3.5 Demand for services within the People Department has been increasing in the last few years and the strategies being implemented to manage demand and associated costs are detailed in appendix 2 to this report.

### **3.6 Government Funding**

The government has made a number of changes to funding in the current financial year and in its future year proposals. The in year items are detailed in the executive summary of this report. The plans to reduce the impact on our Financial Strategy as detailed below include changes to local and national policies.

### **3.7 School Places**

3.7.1 Croydon has the fastest-growing pupil population in England, with forecast growth in the number of planned pupil places being greater in Croydon than for places in any other local authority, an increase of 36.2% from 2012/13 to 2017/18, compared to a London increase of 17.8% and an England average increase of 8.8%.

3.7.2 In its current phase of building, the Council will have to provide a further 33 primary and 21.5 secondary forms of entry for the period 2015-17. Seven new schools will need to be built, which requires the Council to fund the costs associated with the new land.

3.7.3 The growth in demand for school places in Croydon will continue to rise over the next few years, with an increasing focus on secondary provision. To ensure sufficiency between September 2015 and September 2017/18 an additional 2100 secondary places and 5182 primary places are needed. We have identified our supply strategy and of the additional places required, £96m million will be funded by our capital allocation or through the free school programme and £35m will need to be funded through Council borrowing. This raises the level of expected funding by the Council to 36% at a time of unprecedented challenge on the Council's budget.

3.7.4 A policy where going forward the Council only provide further school places where these are funded by central government is being considered, as a continuation of the current policy is unaffordable.

3.7.5 Also, there are pressures of £8m directly related to recent Government policy changes. These are referenced in the executive summary of this report with more detail in the following paragraphs.

### **3.8 UASC – Unaccompanied Asylum Seeking Children**

3.8.1 Due to Croydon's unique position as a Gateway Authority, the Council is caring for the highest number of UASC in London and the second highest number in Southern England, second only to Kent. Numbers of UASC in Croydon are currently 450 and this number has been significantly increasing on a weekly basis since beginning of July, with 39 new UASC in July in comparison with 11 in April 2015. This mirrors the current immigration crisis experienced by Kent due to the disorder in Calais. Young people presenting as below 18 years and accepted by the Home Office as a child are immediately referred to Croydon. The Council currently maintains a duty social worker at the Home Office, Lunar House, and a duty social work team for UASC at Jeanette Wallace House. These social workers belong to the Looked After Children Service. Social work to Croydon's 450 UASC is provided by social workers based in the Looked After Children Service, and advice and support to Croydon's 366 UASC care leavers is provided by the Leaving Care Team, based within the Looked After Children Service. The reduction in the Home Office funding is estimated to create a £4m impact this year. This is in addition to historic underfunding of related costs, e.g. No Recourse to Public Funds.

### **3.9 Public Health Grant Reduction**

3.9.1 The Government announced an in year reduction in the 2015/16 Public Health grant and have been consulting on this over the summer. The delay in the consultation means a bigger impact on services in 2015/16. Work is currently being undertaken by the Director of Public Health to ensure that the cost of the service is contained within the budget available whilst ensuring that there is minimum impact on Public Health outcomes as a result of this reduced funding. The estimated impact of this reduction is £1.3m this year.

### **3.10 Welfare and Housing bill**

3.10.1 In Croydon, as indeed for London, the number of households approaching the council for assistance with homelessness has been increasing. In Croydon the number increased from 1,680 in 2009/10 to 2520 in 2014 (an increase of 50%). The number of households accepted as homeless increased over the same period from 425 to 880 households (an increase of 107%).

3.10.2 The main reason for the increasing costs of dealing with homelessness is the lack of supply to move people on to suitable and affordable permanent accommodation. This means that there continues to be a net growth in the numbers of homeless families being housed by the council

3.10.3 The causes of homelessness are complicated and interlinked. The interplay of a range of factors ranging from individual personal circumstances through to market pressures, economic and social policies contribute to or cause homelessness. There are also local contributory factors, such as, the borough's relatively small social housing stock and lower than average household incomes compared to the rest of London.

3.10.4 Government welfare and housing policies, economic and housing market factors suggest, at least in the next 2 years, an increasing numbers of households presenting as homeless and therefore an increasing use of temporary accommodation. A trend analysis suggests at least an increase of 300 households per annum for the next 3 to 5 years.

3.10.5 The Council has been and will continue to pursue a whole range of solutions to seek to limit the number of homeless families, including through the Gateway division, and creative approach to creating capacity, including purchasing or leasing property.

3.10.6 Modelling is currently being undertaken to review the options for acquiring suitable accommodation outside Croydon, and the results of this will be included in future monitoring reports.

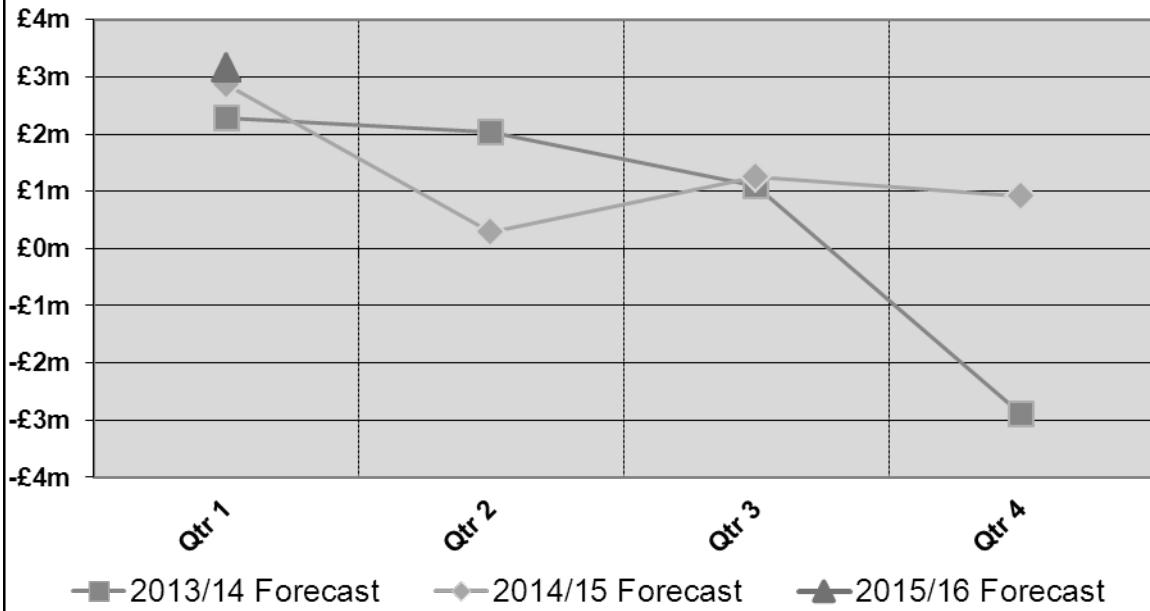
3.10.7 There are other changes such as the reduction in the benefit cap and changes to tax credits that will have an impact on Croydon residents and therefore are likely to lead to more services required from the council for services such as temporary accommodation, which is one of the services under the most financial pressure. The estimated impact of this is £2m, in the current year.

## **4. GENERAL FUND REVENUE SUMMARY POSITION 2015/16**

4.1 Graph 1 below shows the movement of forecast variances for 2015/16 compared to previous years. The Council continues to manage its finances through the rigorous monitoring and control of spending within the framework of the Financial Strategy. This is why the forecast position has improved in the past by the 3<sup>rd</sup> and 4<sup>th</sup> quarter as shown below.



### Comparison of Council Forecast Outturn 2013/14 to 2015/16



## 4.2 Major Variances 2015/16

The key variances being reported at Quarter 1 are summarised in Table 2 below:

**Table 2 - Summary of Major Variances over £500k**

Department	Major Variances > £500k	Departmental Forecast	
		Qtr 1	£'000
<b>PEOPLE</b>			
SEN Transport	Transport demand is continuing to increase and the new Framework only impacts from September	1,351	
Looked After Children	Increase in Special Guardianship Orders and adoption allowance costs paid to carers. Increased demand in Leaving Care costs and No Recourse to Public funds. Use of agency staff to fill staff vacancies.	1,045	
Adult Care Placements	Continued rise in demand for services. Staffing vacancies being filled by agency workers. Increased legal costs.	6,599	
Temporary Accommodation	Increasing demand arising as a result of the housing benefit cap, resulting in the need for additional placements and staff to manage demand.	2,655	
	People Dept Variances below £500k	-207	
<b>PEOPLE Total</b>			<b>11,443</b>
<b>PLACE</b>			
	No variances over £0.500m		
	Place Dept Variances below £500k	-253	
<b>PLACE Total</b>			<b>-253</b>
<b>RESOURCES</b>			
All Divisions	Review of expenditure	-1,000	
	Resources Dept Variances below £500k	-27	
<b>RESOURCES Total</b>			<b>-1,027</b>
<b>CORPORATE ITEMS</b>			
	Use of contingency	-1,000	
	Interest Payable savings	-1,500	
	Minimum Revenue Provision (MRP)	-3,000	
	Additional Grant Income	-1,500	
<b>CORPORATE TOTAL</b>			<b>-7,000</b>
<b>TOTAL VARIANCE</b>			<b>3,163</b>

4.3 The departmental overspend of £10.163m is offset by savings on non-department budget. There is a £7m projected underspend on interest payable and the amount the Council must set aside to repay debt each year (referred to as the Minimum Revenue Provision) which reflect the lower than budgeted capital expenditure and borrowing.

4.4 As a result of the in-year projections a number of actions have been identified and acted upon to manage the financial challenges the Council currently faces, as set out below:-

- **Recruitment** – all recruitment is approved on a case by case basis by the Executive Leadership Team.
- **Interim Staffing** – a full review of interim staffing.
- **Fees & Charges** – a full review of all fees and charges.
- **Social Care Placements** – additional governance measures have been established for these decisions.
- **Green Garden Waste Service** – a charging policy to be introduced.
- **Parking** – a revised charging policy to be introduced.

#### 4.5 **Green Garden Waste Service – A charging policy**

4.5.1 Croydon currently offers a discretionary, free fortnightly seasonal kerbside collection of green garden waste in the borough. As a result of the early work done the decision has been made to start charging for our Green waste collection service from the 1<sup>st</sup> January 2016. This is in line with many neighbouring boroughs who have introduced charging due to Central Government cuts and we have now moved to this option to be able to provide any future service.

4.5.2 Work is now underway to assess the viability of the scheme and residents will shortly be asked to express their interest in partaking in the new charged for service.

#### 4.6 **Parking – a charging policy**

4.6.1 A review is currently underway to implement a parking policy within the borough.

4.6.2 It is envisaged that the new parking policy will be introduced from the 1<sup>st</sup> January 2016 and a level of income is included in the Place department financial monitoring for this financial year.

### 5 **VIREMENTS OVER £500K REQUIRING CABINET APPROVAL**

5.1 Cabinet approval is requested for a virement totalling £633k, representing budget transfer from the Resources to People Department towards the formation of the Gateway division.

### 6. **HOUSING REVENUE ACCOUNT (HRA)**

6.1 The current forecast for the HRA is for an estimated underspend of £2m.

6.2 It should be noted that there are significant changes to the setting of HRA rents for 4 years from 2016/17 which will have a major impact on the HRA rental income. The summer budget on the 8<sup>th</sup> July 2015 included a number of proposals that will significantly affect the housing revenue account (HRA). The Chancellor of the Exchequer announced that rents in the social housing sector will be reduced by 1% a year for the next four years. Quoting an increase in rents of 20% since 2010, he explained that the aim of this measure is to reduce the housing benefit bill, and he anticipated that landlords would be able to deliver the efficiency savings needed. Over the lifetime of the 30 year business plan this creates a deficit of £481m based on the previously agreed assumptions of annual expenditure and investment.

- 6.3 This proposed change results in the need to review all expenditure assumptions and to consider the options available to reduce expenditure in line with the reduction in income. Given the current level of reserves and savings expected on procurement activity, the capital budget for the next year is unlikely to be affected. However, by 2017/18 more significant savings are needed and it is vital that work on these options starts now.
- 6.4 The government has calculated that the 1% rent reduction will have the effect of reducing average social rents nationally by around 12% by 2020, and will mean that those people not on housing benefit and not subject to "pay to stay" will be better off by around £12 a week by 2019-20. Concern has been raised about the impact on landlords' ability to build new homes with the Office for Budget Responsibility forecasting 14,000 fewer new homes up to 2020/21 and the National Housing Federation estimating 27,000 fewer. This proposal will also adversely affect spending on housing management services and on capital investment in the existing stock.
- 6.5 Applying an annual 1% rent decrease from 2016/17, followed by a return to the current rent formula from 2020, will reduce the income over the 30 year plan period by more than £400m, leaving an overall shortfall of £481m against planned levels of expenditure.
- 6.6 Two further measures will have an impact on social landlords. The first is the "pay to stay" proposal to require social housing tenants on higher incomes (over £40,000 in London, over £30,000 elsewhere) to pay rents at the market rate on the basis that their rents should not be subsidised by other working people. Whereas housing associations will be able to retain the additional rental income to spend on building new homes, local authorities will be required to transfer the equivalent amount to the Treasury. Exact details on how this new provision will work in practice are not yet available.
- 6.7 Secondly, the benefit cap is to be reduced from £26,000 to £23,000 in London, and £20,000 elsewhere. This will reduce the ability of larger families with no one in work to afford rents on suitably-sized homes. Legislative provision is contained in the welfare reform and work bill which received its second reading on 20 July.
- 6.8 The new housing bill will include the other significant budget announcement, i.e. the much-publicised extension of right to buy to housing association tenants, the costs of which are to be met through the sale of high-value local authority homes. The council currently has no homes above the values included in the Conservative manifesto. However, there is currently no certainty on the values to be set by the government and whilst there are no financial implications from this new proposal at present, it is possible that changes could be made which could have an impact on Croydon's housing stock.

## **7. FORECAST CAPITAL OUTTURN POSITION**

- 7.1 The Capital programme for 2015/16 shown in Table 4 was reported to Cabinet in July as part of the July review report and is detailed below. A number of the schemes have been re profiled and at this stage in the financial year it is anticipated that all projects will be delivered.

**Table 4 – 2015/16 Capital Programme**

Original 2015/16 Budget £'000s	Category	Slippage from 2014/15 £'000s	Re-profiling of schemes £'000s	Increases in Schemes £'000s	Revised Budget 2015/16 £'000s	Actuals April - July 2015 £'000s	Forecast Outturn £'000s
	<b>PEOPLE DEPT</b>						
1,600	DASHH - ICT / South West London Partnership / Disabled Facilities Grants	700	0	0	2,300	1,111	2,300
0	Education - Academies Programme	3,860	-317	-2,974	569	10	569
0	Education – DDA	251	0	3	254	38	254
3,250	Education - Fixed term expansion	2,359	-781	-1,078	3,751	574	3,751
3,125	Education - Major Maintenance	1,508	-119	-842	3,672	1,425	3,672
2,300	Education - Miscellaneous	2,938	-2,243	-97	2,898	0	2,898
45,207	Education - Permanent Expansion	20,856	-40,984	3,897	28,977	5,633	28,977
15,152	Education - Secondary Schools	4,977	-8,639	675	12,165	3,124	12,165
15,874	Education - Special Educational Needs	12,940	-22,481	415	6,748	944	6,748
<b>86,508</b>	<b>People sub-total</b>	<b>50,389</b>	<b>-75,564</b>	<b>-1</b>	<b>61,334</b>	<b>12,859</b>	<b>61,334</b>
	<b>PLACE DEPT</b>						
0	Bereavement Services	19	0	0	19	0	19
0	East Croydon Station Bridge	1,200	0	0	1,200	0	1,200
3,000	Fairfield Halls	1,649	0	0	4,649	900	4,649
0	Feasibility Fund	118	0	0	118	69	118
6,000	Highways Programme	0	0	0	6,000	116	6,000
0	Highways - Bridges Prog	642	0	0	642	42	642
0	Parking	107	0	0	107	0	107
7,429	Public Realm	6,229	0	2,000	15,658	4,789	15,658
3,336	TFL - Local Implementation Prog.	0	0	802	4,138	97	4,138
0	Transforming Our Space	189	0	0	189	294	189
0	Wandle Park	25	0	0	25	43	25
500	Empty Homes Grant	0	0	0	500	0	500
750	Salt Barn	0	0	0	750	0	750
670	New Addington Leisure Centre	0	330	0	1,000	0	1,000
2,160	Don't Mess With Croydon Investment	0	0	0	2,160	0	2,160
233	Measures to mitigate travellers in parks and open spaces	0	0	0	233	0	233
264	Thornton Heath Public Realm	0	0	0	264	0	264
500	Ashburton Library	0	-410	0	90	0	90
120	Ward Based Programme	0	0	0	120	0	120
<b>24,962</b>	<b>Place sub-total</b>	<b>10,178</b>	<b>-80</b>	<b>2,802</b>	<b>37,862</b>	<b>6,350</b>	<b>37,862</b>

Original 2015/16 Budget £'000s	Category	Slippage from 2014/15 £'000s	Re-profiling of schemes £'000s	Increases in Schemes £'000s	Revised Budget 2015/16 £'000s	Actuals April - July 2015 £'000s	Forecast Outturn £'000s
	<b>RESOURCES DEPT</b>						
2,530	Corporate Property Maintenance Programme	7,686	0	0	10,216	499	10,216
1,500	ICT	1,193	0	0	2,693	74	2,693
0	Miscellaneous Other	110	0	0	110	0	110
<b>4,030</b>	<b>Resources sub-total</b>	<b>8,989</b>	<b>0</b>	<b>0</b>	<b>13,019</b>	<b>573</b>	<b>13,019</b>
<b>115,500</b>	<b>General Fund total</b>	<b>69,556</b>	<b>-75,644</b>	<b>2,801</b>	<b>112,215</b>	<b>19,782</b>	<b>112,215</b>
40,621	Housing Revenue Account	2,336	0	0	42,957	6,528	42,957
<b>156,121</b>	<b>Capital Programme Total</b>	<b>71,892</b>	<b>-75,644</b>	<b>2,801</b>	<b>155,172</b>	<b>26,310</b>	<b>155,172</b>

## 7.2 Revolving Investment Fund (RIF) and European Investment Bank (EIB)

7.2.1 Alongside the Capital Programme the Council is setting up a Revolving Investment Fund which will be the catalyst to enable investment in commercial opportunities, which will unlock growth within the Borough and deliver the Council a financial return on investment.

The fund will have 3 main strands :-

- Direct delivery of housing
- Delivery and ownership of hard and soft infrastructure
- Facilitation of private sector investment

Through this model the Council will be able to forward fund the infrastructure investment required for development which in turn will generate new home and jobs, enhanced infrastructure and additional income from business rates.

Two of the first investments to be made from the fund are the redevelopment of the Taberner House site and Boxpark at Ruskin Square East Croydon.

7.2.2 The European Investment Bank (EIB) contacted the Council directly to arrange a £102m loan facility to fund aspects of the Council's Education Capital Strategy over the next few years. Negotiations have now concluded and the contract between both parties was signed on 22 July 2015. This facility will offer cheaper alternative sources of long term funding generating substantial savings of interest payable on the Authority's overall debt in the future.

## 8. FINANCIAL MANAGEMENT

### 8.1 Council Tax & NNDR

8.1.1 Council tax performance is slightly down on the quarter end target by 0.28%. The amount of debit raised has increased by nearly £0.750m since 1 April, with 57% of the increase occurring in the last month. This has also impacted on the end of quarter position as these bills are included in the debit but no payment has fallen due as yet.

8.1.2 Business rates performance is up on the quarter end target by 0.4% and remains up on last year. The debit has increased by nearly £0.5m since 1<sup>st</sup> April. There has been a down turn in recovery action but this is due to collection being up. Details are shown in table 5 below.

**Table 5 - Council Tax and National Non Domestic Rates collection at 30th June 2015**

	Quarter End Target	Actual collection rate	Last year's collection rates	Variance on last year
Council Tax	28.90%	28.62%	28.99%	- 0.37%
Business Rates	30.54%	30.94%	30.45%	+ 0.49%

## **9. CONSULTATION**

9.1 All departments have been consulted during the preparation of this report.

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

10.1 This report sets out the current financial position of the Council, and actions being taken to address the projected overspend.

The report is submitted by the Assistant Chief Executive Corporate Resources and Section 151 Officer

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

11.1 The Solicitor to the Council comments that the Council is under a duty to ensure that it maintains a balanced budget and to take any remedial action as required in year.

Approved by: Gabriel MacGregor, Head of Corporate Law on behalf of the Borough Solicitor and Monitoring Officer.

## **12. HUMAN RESOURCES IMPACT**

12.1 There are no direct Human Resources considerations arising from this report as such, but items from savings packages and action plans included in the report or those that need to be developed in response to the report are likely to have significant HR impact. These can vary from posts not being filled or deleted, through to possible redundancies. Where that is the case, the Council's existing policies and procedures must be observed and HR advice must be sought.

Approved by Heather Daley Director of Human Resources

## **13. EQUALITIES IMPACT**

13.1 The key service areas that currently have over spend in budgets are:

- Placement costs for looked after children
- SEN transport costs
- Temporary accommodation
- Adult Care Placements

13.2 All of these are areas that provide services to customers from equality groups that share protected characteristics; such as younger people (Looked after Children), people with a disability (Children with special educational needs), older people and

BME groups.. There are a number of known equality and inclusion issues in the above mentioned service areas such as an over-representation of BME young people in looked after children, over-representation of BME groups and other vulnerable groups such victims of domestic abuse, homeless young people, pregnant women and young children in temporary accommodation, young children with a disability who have a special educational needs and their carers, vulnerable older people with complex needs etc.

- 13.3 The mitigating actions, outside of actions on these specific services are unlikely to affect these groups more than the population as a whole. In fact, a number of those will affect these groups less.
- 13.4 In order to ensure that our vulnerable customers that share a “protected characteristic” are not disproportionately affected by the actions proposed to reduce budget over spend we will ensure that the delivery of the cost reduction initiatives are informed by a robust equality analysis of the likely detrimental impact it could have on all services users and in particular those that share a “protected characteristic”.
- 13.5 If the equality analysis suggests that the cost reductions initiatives are likely to disproportionately impact on particular group of customers, appropriate mitigating actions will be considered. This will enable the Council to ensure that it delivers the following objectives that are set out in our Equality and Inclusion Policy:
- Make Croydon a place of opportunity and fairness by tackling inequality, disadvantage and exclusion.
  - Encourage local people to be independent and resilience by providing responsive and accessible services offering excellent customer care
  - Foster good community relations and cohesion by getting to know our diverse communities and understand their needs.

## **14. ENVIRONMENTAL IMPACT**

- 14.1 There are no direct implications contained in this report.

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

- 15.1 There are no direct implications contained in this report.

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

- 16.1 Given the current in year-position ELT have been tasked to identify options to achieve a balanced year-end position.

## **17. OPTIONS CONSIDERED AND REJECTED**

- 17.1 Given the current in year-position ELT have been tasked to identify options to achieve a balanced year-end position. The alternative would be to over-spend and draw down on balances, which would not be prudent.

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### **CONTACT OFFICER:**

**Richard Simpson** Assistant Chief Executive Corporate Resources and Section 151 Officer. Tel number 020 8726 6000 ext 61848

### **BACKGROUND PAPERS - LOCAL GOVERNMENT ACT 1972**



## REVENUE VARIATIONS OVER £50K WITH EXPLANATION

Appendix 1

### PEOPLE DEPARTMENT

Division	Explanation of variance	QTR 1 Amount (£000)
Children Family Early Intervention and Children Social Care - LAC	Change in placement strategy resulting in more children placed with in house foster carer, along with an increase in Adoption and Special Guardianship Orders, Increase in the number of No Recourse to Public Funds cases and additional staff costs as a result of using agency staff to fill vacancies and cover increase in service demand	1,045
Children Family Early Intervention and Children Social Care – Early Intervention Service	Use of previously received external funding associated with the Troubled Families programme	(881)
Children Family Early Intervention and Children Social Care - SEN	Transport Demand continuing to increase. New Framework only impacts from September	1,351
Universal People Services	Minor Variance	5
CFL Central Costs	All age disability service savings delayed until 2016/17. Budget pressure due to a change in the rules around what can be recharged to the Dedicated Schools Grant. Former employee pension costs.	208
Gateway and Welfare	Increased Income in Registrars and Bereavement due to the implementation of additional services. Additional hours and the implementation of a deposit system on bookings.	(60)
Integrated Commissioning Unit & Adult Care Commissioning	Reduction in income from service users. Overspend on the Equipment budget as a result in increased demand. Shortfall in saving from LATC	518
Adult Care and 0-65 Disability Services	Increased demand for services 2015/16 savings not being delivered Costs associated with outstanding Ordinary Residence cases	7,072
	Additional cost of agency staff in Older People, Learning Disability team and increased legal costs	909
	Additional client income. staff vacancies in the Pooled Budget being kept vacant to offset costs in other areas of the service	(1,050)
	Underspend in Deprivation of Liberty Safeguards (DoLS) Grant	(149)
	Minor Variances under £50K	(183)
Housing Need	Increase in number of homeless clients Additional staffing costs associated with increased service demand Under-recovery of client income and freezing of temporary accommodation benefits	2,655
People department	<b>Final Total</b>	<b>11,443</b>

**PLACE DEPARTMENT**

<b>Division</b>	<b>Explanation of variance</b>	<b>Qtr 1 Amount (£000)</b>
<b>Streets</b>	Reduction in PCN income due to CCTV legislation changes offset by increase in Pay & Display income mainly due to cashless parking	467
	Street Lighting Energy Savings not achievable due to delays in Street Lighting project	95
	One off rebate in Traffic Signals Costs from TFL	(120)
	Additional costs due to fly-tipping	100
	Income from newly introduced proposals	(670)
	Other Minor Variances < £50k	102
<b>Safety</b>	License Fee income shortfall	60
	Reduced income and increased collection costs of Waste Disposal at Surrey Street	55
	Other Minor Variances < £50k	58
<b>Planning</b>	Building Control Fees Shortfall In Income	100
	Additional Planning Income	(299)
	Other Minor Variances < £100k	(4)
<b>District Centres &amp; Regeneration &amp; Development</b>	Review of capitalisation & HRA	(130)
<b>Housing Central Costs &amp; Directorate</b>	Other Minor Variances < £100k	(67)
<b>Total Forecast Variance</b>		<b>(253)</b>

**RESOURCES DEPARTMENT**

<b>Division</b>	<b>Explanation of variance</b>	<b>Qtr 1 Amount (£000)</b>
<b>Resources</b>	Vacancy due to delayed recruitment	(27)
	Review of discretionary expenditure.	(1,000)
<b>Total Forecast Variance</b>		<b>(1,027)</b>

**NON DEPARTMENTAL ITEMS**

<b>Division</b>	<b>Explanation of variance</b>	<b>Qtr 1 Amount (£000)</b>
<b>Non-departmental</b>	Use of contingency budget	(1,000)
	Interest borrowing costs lower than projected, due to slippage within the capital programme	(1,500)
	Minimum Revenue Provision (MRP) costs lower than projected, due to slippage within the capital programme	(3,000)
	Additional government grant anticipated	(1,500)
	<b>Total Forecast Variance</b>	<b>(7,000)</b>
	<b>Total Overspend</b>	<b>3,163</b>

## **Appendix 2 Strategies to Manage Demand**

### **Looked after Children :-**

A strategy of reducing costs through an approach of 'Looking After the Right Children' was established during 2014/15, which takes a multi-faceted approach as follows:-

- i. Statistical, data and research analysis to establish what is know about the outcomes for the children that are cared for.
- ii. Early help and intervention – Best start collaboration
- iii. Targeted programmes designed to work with families, children and young people, such as the Functional Family Therapy model
- iv. Work with allocated cases within Children's Social Care for Children in Need and Child protection. The major approach is to improve the quality of social work practice and multi-agency work to ensure that risks are reduced where possible.
- v. Ensure there are clear procedures and decision making processes when making agreements for children to become looked after and that timely decisions are made about their care planning.
- vi. Work with children who are currently looked after to ensure that, where possible and safe, they can return home to the care of their families.
- vii. Develop services to extended families and communities so that children can be cared for within these networks rather than being looked after.
- viii. Ensuring that as many children as possible can benefit from alternative permanent legal solutions to being looked after.

### **SEN Transport**

The service has implemented a strategy to manage the cost of increasing demand through a number of work streams:

- i. Demand management – a public consultation is being commenced on a review of the current eligibility criteria
- ii. Route optimisation and a reduction in cost through the re-procurement of transport services and through route optimisation processes and the implementation of muster points.
- iii. Development of alternative travel options to include personal travel budgets, independent travel training, and a possible motability scheme and walking escort service.
- iv. Integrated Travel Service – to scope the development of an integrated travel service across the Council's services.

### **Adult Placements**

Demand for adult placements is continuing to exceed the budget due to the growing population within Croydon and the demand for the service increasing. The complexity of cases is also increasing resulting in higher costs. It is recognised that there is a need to deliver services in a different way to manage the rising demand and corresponding costs, and there are a number of Croydon Challenge projects that are being developed including :-

- i. Care Home market management,
- ii. Short Term Re ablement and
- iii. An Outcome Based Commissioning Project for over 65's which will result in the Council and CCG working more closely together to achieve financial and service based efficiencies.

### **Temporary Accommodation**

The service is implementing a number of strategies to reduce the demand and therefore cost of temporary accommodation. These include :-

- i. Increasing resources to reduce the backlog of cases and reducing those currently in emergency accommodation
- ii. Greater emphasis on prevention of homelessness
- iii. Improving the time it takes to make decisions
- iv. Working with Landlords to prevent evictions
- v. Supporting those in emergency accommodation to move to affordable accommodation
- vi. Improving debt collection processes.

Rt Hon James Brokenshire MP  
Minister for Security and Immigration  
Home Office  
2 Marsham Street  
London  
SW1P 4DF

Please ask for/reply: Cllr Tony Newman

Your Ref:  
Our Ref: TN/SR  
Date: 26 August 2015

Dear James,

### **Unaccompanied Asylum Seeking Children Funding Arrangements**

I write in response to your letter of the 16<sup>th</sup> March regarding the funding arrangement for unaccompanied asylum seeking children (UASC).

Firstly apologies for the delay in this response, as the letter sent to my office appears not to have been received. I am also aware officers of the council did not receive any notification of this reduction until the last week of July, four months into the financial year, nor have any Home Office officials been in contact with the Council as per your commitment in the letter. Therefore this has made any response to these issues much more difficult to manage.

I have to say I am shocked by a number of aspects of your letter and proposed arrangements.

Firstly, as I am sure you are aware the Council sets its budget in late February and therefore notification of grant funding arrangements in late March, especially given the manner in which the notification took place without consultation, makes the setting of budgets for the year impossible. I am aware my officers made this point to your officials on a number of occasions so I am confident that this was fully appreciated and understood by them. Also, even if action could be taken to reduce our costs, given the nature of the costs it would always take a considerable amount of time to manage any reduction, certainly a great deal more time than 2 weeks. Changes to their support, especially at short notice and financially driven, could have serious consequences for this cohort and potentially others in the borough.

I am pleased that you recognise Croydon's exceptional circumstances as a gateway authority and the location of the Home Office's only non-port based asylum screening and reporting centre remain and also that the council tax payers of Croydon should not have to bear the burden of what is a national issue. Given the



rates that you propose paying Croydon in 2015/16, the Croydon taxpayers will have to bear, over and above the direct and indirect costs already borne by them, somewhere between **£3.7m and £4m** of additional costs if the number of young people remain the same as 2014/15. We are currently seeing an increase in the number of young people within the system. The increase in the first 4 months of 2015/16 is 90 cases. If this rate of growth continues, these additional costs will clearly be significantly greater.

There is already a significant direct impact of asylum on Croydon which goes unfunded, from the issue of those with No Recourse to Public Funds to the wider impact on Health and Education. Over and above these costs, the impact of such large numbers of UASCs in a small area results in additional work in relation to the emergence of gangs formed of groups from particular countries, e.g. Albania.

Additionally, such a large group of vulnerable young people poses greater risks in relation to issues such as young people going missing, and the risk for child sexual exploitation and trafficking, which we have a duty to mitigate. This has an impact for this cohort and vulnerable members of the general population.

The impact of being a Gateway authority on the very direct costs have been well rehearsed and set out in the past which has led to an acknowledgement that Croydon is paid rates above the national rate. Our grant claims in the past have set out full transparency on our costs and the most recent year, 2014/15, showed our costs exceeded the previously agreed rates. Therefore the reductions proposed of 17% for under 16 year olds and 20% for 16-17 year olds, are in effect a straightforward cut to our already inadequate funding, leaving Croydon residents to pick up the shortfall which I am not prepared to sustain.

This is a national policy issue and must be fully funded by the Government not by the local taxpayer.

I have to say I am unclear on the logic as to why Croydon should be able to keep its costs to the national average given your acceptance that we are a gateway authority and therefore have to fund a scale of infrastructure for the service that other authorities would not and that we are a London authority with all the substantially higher costs which that inevitably gives rise to. To compare Croydon or indeed Hillingdon and Kent to the national average is wholly irrelevant unless you are prepared to change national policy to distribute Unaccompanied Asylum Seeking Children in a more equal manner throughout the country, only at this point would a national average even start being of relevance to Croydon, Hillingdon and Kent.

To cover the specific points you have raised: In terms of indirect costs these are the types of cost you had previously accepted as being acceptable as part of the infrastructure of being a gateway authority and therefore it is wholly unacceptable that you are choosing to review this once again, especially in such a unilateral manner. All costs in our claim reflect the costs of having such a high UASC population. We accept and wish to shape opportunities for less traditional approaches to accommodation for UASCs aged 16-17; however, in doing so we



have to be mindful of our duties to these looked after children, notably those in relation to the recent introduction by Government of the “Staying Put” policy with foster carers which apply as much to UASC as indigenous looked after children.

We have welcomed the recent discussions with the Home Office, Department for Education and other local government colleagues to develop a national dispersal scheme for UASCs. This will help alleviate pressures faced by London and the South East and should be seen as a more sustainable solution moving forward. However, until such a scheme is in place and embedded, the pressures on Gateway authorities will remain. We acknowledge that when any new national scheme has reached this stage, this would be a more appropriate opportunity to review of the formula for Gateway authorities.

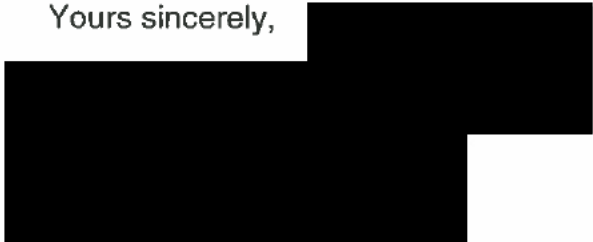
As there has been no follow up from your Home Office officials as was set out in your letter, I am requesting a meeting as a matter of urgency to help us reach a swift conclusion on this issue and to ensure Croydon residents are not adversely impacted by our role as a Gateway authority more than they are already.

I am sure that none of us want to see the financial consequences for Croydon, historic and future, direct and indirect, of its Gateway role to become the focus of public attention.

We hope that this issue can be resolved through discussion. Should this not be the case, the disappointing lack of invitation to Gateway authorities to submit information to inform your plans, the lack of consultation and the lack of our ability to alert you in advance to the potential impact of your decisions, will leave us no alternative but to consider seeking a judicial review of your decision.

Until a meeting has taken place between the Home Office and the Council to discuss any changes to the local funding levels for this national policy and for a reasonable period thereafter, probably taking us through to the end of the current financial year, the reasonable course of action is to maintain the existing rates as per our previous agreement.

Yours sincerely,

A large black rectangular redaction box covers the signature and name of the sender.

Councillor Tony Newman  
Leader of the Council

CC: Steve Reed MP  
Gavin Barwell MP  
Chris Philp MP







## Department of Health

As part of wider Government action on deficit reduction, the Department of Health (DH) has been asked to deliver savings of £200 million in 2015/16 through reductions to the Public Health Grant to local authorities (LAs). This consultation sets out possible options on how the £200 million savings might be spread across LAs and asks three questions on how they can be delivered most fairly and effectively.

Question 1: Do you agree with DH's preferred option (C) for applying the £200 million saving across LAs? If not, which is your preferred option?  
Please tick your preferred option or describe an alternative :

Croydon council is not in a position to support the Department's preferred Option. The current public health expenditure plans in Croydon for 2015/16 mean that all the current reserves will be fully utilised by March 2016. In order to return 6.2% of the public health budget to the Department (as per Option C), Croydon has calculated that it will need to make direct cuts to public health services. Making these cuts will have a sustainable, disproportionate and unavoidable adverse impact on people who share a protected characteristic, and other vulnerable groups, which would result in increased inequalities with regard to the benefits these groups can receive from public health services. **Our preferred savings option for 2015/16 is therefore Option D** – we request that the Department considers the evidence below that illustrates why Croydon should not be required to deliver an in-year saving of 6.2%.

Option D: Additional information on local needs

Croydon has some of the highest levels of need, and poorest levels of public health performance, in the country. Croydon is also London's largest borough by population - the borough was estimated to be home to 376,040 people in 2014 and this is expected to reach 465,600 in 2041. We have a high number of residents with protected characteristics, and many additional vulnerable groups. For example:

- Croydon has the largest population of young people aged 0-16 year olds in London (87,339 young people). This age group made up 23.2% of the total population based on the latest ONS population estimates (2014 mid-year population estimates).
- According to the 2011 Census 14.6% of the resident population in Croydon had their day-to-day activities limited by a long-term health problem or disability. This equates to 53,113 people in Croydon.
- As with other London boroughs Croydon has a higher proportion of residents from black and minority ethnic (BME) backgrounds than the national average. Croydon has one of the largest BME populations making up 52.7% of the total resident population. Croydon also has a larger population of residents born outside the UK than the national

average (70.4% compared to 86.1%). There are over 100 different languages are spoken in the borough.

- Croydon council provides housing and subsistence to a relatively small number of adult asylum seekers compared to other London boroughs, but is responsible for 38% of unaccompanied asylum seeking children in London (360 in March 2014)
- In recent years, Croydon has been growing more deprived at a faster rate than any other south London borough. In 2010, Croydon was the 19th most deprived borough in London. If Croydon continues to grow more deprived at the same rate as in recent years, by 2020 it will be the 12th most deprived borough in London.

Croydon's 2015/16 JSNA key dataset has identified multiple higher levels of need in Croydon than other local authorities/CCGs; need that is either increasing or staying the same. Many of these areas of high need relate to vulnerable children in the borough.

**Need: Significantly higher than England and in highest 25% of LA/CCGs**

**Trend: 1 year and 3 year trend consistently show increase**

- Total fertility rate
- Population turnover
- Primary school children known to be eligible for free school meals

**Need: Significantly higher than England and in middle 50% of LA/CCGs**

**Trend: 1 year and 3 year trend consistently show increase**

- Secondary school children known to be eligible for free school meals

**Need: Significantly higher than England and in highest 25% of LA/CCGs**

**Trend: Either 1 year or 3 year trend shows increase**

- Children with autistic spectrum disorder known to schools
- Lone parent benefit claimants
- GP recorded severe mental illness prevalence

**Need: Significantly higher than England and in highest 25% of LA/CCGs**

**Trend: Does not consistently show increase or decrease**

- Looked after children
- Unaccompanied asylum seeking children

The borough also faces a number of significant public health challenges. Based on analysis of our 2015/16 JSNA key dataset, there are a concerning number of areas where Croydon's performance is in the **bottom 25%** of all local authorities/ CCGs, is significantly worse than the England average, and where the 1 year and/ or 3 year trend consistently shows deterioration:

- Violence against the person offences
- First-time entrants to the youth justice system
- Hospital admissions for children for mental health conditions
- Under 18 conceptions
- Repeat abortions for women of all ages
- Hospital admissions for ectopic pregnancy

- PPV vaccination coverage for older people
- Injuries due to falls in older people
- Breast screening rate
- Diagnosis rate for dementia
- Emergency admissions for stroke
- Diagnosis rate for COPD
- Drug offences
- Adults who cycle at least once a month
- Proportion of deaths at home
- Households in temporary accommodation
- Attainment at key stage 2
- Children accessing NHS dentistry
- Antenatal risk assessments before 13 weeks
- Persons presenting with HIV at a late stage of infection
- Chlamydia diagnoses for young people aged 15-24
- Job seekers allowance claimants
- Adults with a learning disability who live in stable and appropriate accommodation
- Self-reported anxiety
- People with newly diagnosed diabetes referred to structured education
- Myocardial infarction/stroke/stage 5 kidney disease in diabetes
- Alcohol related recorded crimes

There are many additional areas where Croydon's performance is worse than the England average. This is true even across areas of our mandatory public health service provision. Data shows poor local uptake of a number of sexual health services and NHS Health Checks, and of high levels of childhood obesity at both 4/5 years and 10/11 years of age. We are innovating in the ways we are addressing this poor performance- for example we have recently been awarded Food Flagship borough status to tackle unhealthy eating in children in Croydon - but we have much more to do to improve performance.

There are elements of our core public health provision where we have identified a need for increased investment rather than reduced investment, in order to meet the national minimum public health standards and guidelines, and improve public health outcomes for residents. For example,

- The eligible population for an NHS Health Check in Croydon is 19,998 people. In order to meet the current Public Health England stretch target of 75% uptake, we would need to provide NHS Health Checks to almost 15,000 people in the borough. The cost solely to deliver this number of NHS Health Checks will be approximately £525,000 (excluding any costs associated with invitations, IT system infrastructure, or the provision of lifestyle support services to support those who are high risk). In 2014/15, Croydon delivered just fewer than 5,000 NHS Health Checks (i.e. only 1/4 of the eligible population received a NHS Health Check) and presently we can only afford to deliver approximately 8,000 NHS Health Checks in 2015/16 (equivalent to approximately 35.5% eligible population uptake).
- Analysis of the allocation of public health grant funding across London

suggests that drug treatment and recovery services in Croydon have historically been underfunded compared to other areas with similar levels of need. In terms of total spend, Croydon's investment in substance misuse services is £4.2m compared with a regional average of £4.7m. However, given that Croydon is the largest London borough, as a proportion of the total public health grant, Croydon has allocated 22.9% to substance misuse compared with a London average of 27.8%. Croydon's current spend on substance misuse as a proportion of population is in the lower quartile Croydon spends £11.93 per head (total population) compared with a London average of £19.01. Historically in Croydon, we have not been able to generate the capacity to respond to individual need and there have been proportionately poorer outcomes as a result. Reducing investment in drugs and alcohol programmes will work against us meeting local population needs for these services, and is at odds with PHE's 7 public health priority areas for investment, which includes a recommendation to ensure adequate investment in drugs and alcohol services

**Despite these significant challenges, Croydon receives a public health grant that is slightly below the ACRA target allocation for the borough. Further reduction to the public health budget, moving Croydon's actual budget allocation even further away from its target budget allocation, will compromise our ability to protect, promote and improve the health and wellbeing of Croydon's residents through both our mandatory public health service provision, and our strategic evidence-based interventions that seek to support the most pressing local health and wellbeing needs.**

In preparing this consultation response, Croydon public health colleagues have been identifying a number of options they might need to consider implementing in order to deliver an in-year saving of 6.2%. These discussions have inevitably been difficult, given a number of our public health programmes - such as Drugs and Alcohol services, and our Stop Smoking services - are already among the most LEAN programmes delivered in London. We have highlighted two areas below that are being considered for in-year budget reductions if a 6.2% budget cut is required – both of which would impact directly on residents with protected characteristics, and those at higher risk of developing poorer health:

- Cutting the numbers of NHS Health Checks and 4-week smoking quits contracted from GPs, Pharmacists, and independent service providers; and discontinuing reimbursement of GP nicotine replacement therapy

As mentioned, Croydon currently offers a much smaller than target number of residents an NHS Health Check and reducing this number even further restrict access to the service for the target beneficiaries (including older people and those with long term conditions) and those from ethnic backgrounds (who currently have lower than average uptake of NHS Health Checks).

In relation to Stop Smoking services, 2014/15 data shows that Croydon has supported more people to achieve a 4-week quit than any other London borough. Croydon is already targeting its Stop Smoking service

provision towards those population groups who are either more likely to smoke, or for whom smoking creates the biggest health risks – these groups are pregnant women, people under 25 years old, residents with mental health problems, residents with existing long-term conditions, unemployed residents, and residents from the Croydon wards with the highest smoking prevalence rates. Reducing our investment in this area will thus disproportionately affect these vulnerable groups of residents, and risk undermining the progress we have been able to achieve to date at working effectively with these groups of people

- Ending pharmacy- provided contraception and Chlamydia testing  
This will have a disproportionate negative impact on children and young people in the borough. Croydon currently has a significantly higher than average rate of under 18 conceptions and of under 25s repeat abortions – these community-based services currently increase access for children and young people to sexual health services.

**We know locally that our most vulnerable groups are less likely to access public health services when they are provided in traditional health and care settings. In Croydon, we currently invest in a number of intensive outreach programmes across our mandatory and non-mandatory services that address these inequalities in access (and outcomes). A reduction in the public health grant this year will require us to scale back on the amount of intensive interventions we deliver, that have previously successfully improved uptake of services among vulnerable groups (including local uptake of HIV testing).**

An in-year budget cut of 6.2% will also impact on our ability to deploy public health resources strategically across Council departments to protect vulnerable groups at a time of widespread public service budget cuts, and increasing need for services. Croydon council recognises public health's unique role to play to protect and promote the health and wellbeing of Croydon's residents whilst the local authority is required to make substantial financial cuts across its other departments. Locally, numerous "invest-to-save", evidence-based public health programmes of work have been established across and between council departments in 2015/16, that will best support Croydon's most vulnerable groups through this period of austerity in public services. The groups that these programmes will support include:

- Socially isolated over 65s
- Homeless residents
- Children in poverty
- Residents out of work
- Residents with severe mental health problems
- Physically inactive children and adults
- Residents who are victims of domestic violence

**We are very concerned by the prospect of needing to review the funding that has been allocated to support these incredibly vulnerable groups. It has taken time to establish these important cross-council programmes, and scaling back investment in these areas in order to find a 6.2% cut**

**undermines our ability to tackle the wider determinants of health.**

**In summary:**

- **The complexity, diversity and significance of the public health challenges set out above illustrate the ever-pressing need for continued investment in public health in Croydon**
- **Croydon has a public health grant that is lower than the ACRA target allocation for the borough, and a further reduction to the public health budget poses a direct risk to the borough being able to protect and promote health and wellbeing among Croydon's diverse populations**
- **We would strongly advise against the Department applying an in-year budget reduction of 6.2% to Croydon's public health grant, as we have assessed that this will have a direct negative impact on the borough's most vulnerable residents**
- **Any contributions Croydon council makes to the 2015/16 grant cut will not reflect sustainable solutions. Any reduced spend this year will be identified from the kinds of solutions discussed in this section.**

**Other comments:**

It would appear that the Government's decision reduce in-year public health grant funding was based on the 2013/14 underspend data reported by local areas. This was the first year of the public health transfer to local authorities – and there are several reasons in Croydon why the budget was underspent in that year. We recognise that these reasons are likely to be common to many local authority areas, but are worth highlighting none-the-less, as we believe these underspends reflect an initial period of “bedding in” with the transfer to local authorities, rather than an on-going issue with spending the public health allocations awarded. Indeed,

- When the public health budget and team transferred to Croydon council, it took time in the 2013/14 year to get all public health services, systems and processes up and running.
- The public health team has taken time to work within the council to refocus the outcomes of new contracts, and revise our requirements to best meet the needs of Croydon (rather than just continuing with the previous NHS spend).
- There has been uncertainty about future funding allocations for public health and the costs of contracts that were being re-procured, and therefore a prudent approach was taken rather than rushing to simply spend all of the allocation.
- It was agreed locally that the public health team would look at how public health services could integrate and support existing and new council services - a measured and considered view has been taken in order to identify those areas for which public health funding and support will make the biggest difference to Croydon residents. This is now taking effect but was not in place in 2013/14.

More fundamentally, Croydon council is concerned that cuts to the public health grant reflect a worrying departure from long-standing national commitments to invest in, and protect, public health funds. The NHS Five Year Forward View points out that the “*future health of millions of children, the sustainability of the NHS, and the economic prosperity of Britain all now depend on a radical upgrade in prevention and public health*”<sup>1</sup>. The document also states that, “*twelve years ago, Derek Wanless’ health review warned that unless the country took prevention seriously we would be faced with a sharply rising burden of avoidable illness. That warning has not been heeded - and the NHS is on the hook for the consequences*”<sup>2</sup>. Cutting the prevention budget is a false economy. It will make it impossible to deliver the NHS Five Year Forward Plan, which stresses the importance of action on prevention and public health.

This reduction in public health budget will represent a real reduction in funding of NHS services, which contradicts the commitments made by the present Government to protect NHS funding from budget cuts and from the previous government to ring-fence the grant to ensure it would be “*squeezed by other pressures*”<sup>3</sup>. The Public Health White Paper assured that the grant would be “*subject to ... running-cost reductions and efficiency gains that will be required across the system*”<sup>4</sup>, but the removal of £200million in-year does not present a methodical, incremental savings programme of this kind.

The Department, Public Health England and NHS England need to protect the nationally-set public health budget from further cuts in order to ensure sustained investment in preventive services. Further reductions to the public health grant will result in local areas struggling to deliver improvements in public health outcomes, and will lead to resultant costs in the NHS, social care and wider public sector services.

Question 2: How can DH, PHE and NHS England help LAs to implement the saving and minimise any possible disruption to services?

The Department of Health should offer advisory support to any local area who is expressing concern that they will not be able to meet the savings required of them in 15/16.

Work should be done by the Department to ensure that delays to calculate differential savings targets for local areas are minimised.

The Department of Health, PHE and NHSE need to identify cross-borough and cross-departmental areas of public health that might be at risk as a result of in-year reductions, such as the London Sexual Transformation Fund work /

<sup>1</sup> <https://www.england.nhs.uk/wp-content/uploads/2014/10/5yfv-web.pdf>

<sup>2</sup> *ibid*

<sup>3</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/216096/dh\\_127424.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/216096/dh_127424.pdf)

<sup>4</sup> *ibid*



London HIV Home Sampling. It is plausible that local areas might have to reduce or cease their contributions to cross-borough work if put in a position where they need to make emergency budget cuts. This will not only impact on the borough taking that decision, but all others involved in the work programme. The Department should identify contingency funding to ensure that cross-borough programmes such as these can be delivered in spite of potential reductions from individual areas.

We recommend that the Department engages in work with ACRA immediately to ensure that future year allocations are based more fairly on population need, to avoid a situation where a potential future request for in-year budget cuts poses a greater risk to vulnerable population groups in some areas more than others.

We recommend that the Department sets out a long-term strategic plan for public health grant investment, if possible detailing individual area grant allocations for the next 5 years. This will support local authorities to make longer-term financial decisions about public health programmes.

Question 3: How best can DH assess and understand the impact of the saving?

In the short term, the Department will need to audit the ability of local areas to:

- Adhere to NICE guidance
- Use the policy recommendations of the Marmot Healthy Lives framework i.e. support cross-council and cross-organisation public health programmes
- Improve population uptake of mandatory public health services

To understand the impact of the saving, the Department will need to record the local public health programmes, services and staffing that are cut, and provide resource to evaluate the impact of these disinvestments.

The completed form should be either emailed to:

consultation.laphallocations@dh.gsi.gov.uk

or posted to: Consultation on Local Authority Public Health Allocations

Department of Health

Public Health Policy and Strategy Unit

Room 165

Richmond House

79 Whitehall, SW1A 2NS

## APPENDIX 3C

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Date: Friday 4<sup>th</sup> September 2015

Dear Sir / Madam

### **Spending Review Representation**

Croydon welcomes the opportunity to contribute to the Government's Spending Review 2015. We understand and are supportive of Government's aim to maintain public expenditure at sustainable levels and deliver joined up value for money services that meet the needs of local people.

Croydon has embraced the opportunities presented through localism and the devolution agenda and welcomes the economic growth and regeneration opportunities to be realised through Croydon Growth Zone.

Over the period 2010-2015 this Council delivered efficiency savings totalling £100m. Continuing austerity measures mean that we need to deliver a further £100m savings for the period 2015-2019 against a background of rising demand for services fuelled by increased levels of need from a growing local population. In order to achieve balanced budgets going forward and continue delivering the essential services that local people are reliant upon we have established strong financial governance and stewardship to ensure that the Council's resources are aligned to deliver key strategic outcomes for our residents. We have put in place a programme which is transforming our services, delivering efficiency savings and most importantly better outcomes for local residents and businesses.

There are however a range of issues impacting our efforts to deliver balanced budgets over which we have little or no control and I am taking this opportunity to highlight them and to suggest potential solutions which I urge you to give serious consideration. Key issues of concern to us are:

- a. Fairer distribution of Government grant funding
- b. Devolution of greater freedom to local councils
- c. Pressures arising from changes in Government policy which we believe are resulting in significant unfunded new burdens for Croydon

## Deprivation

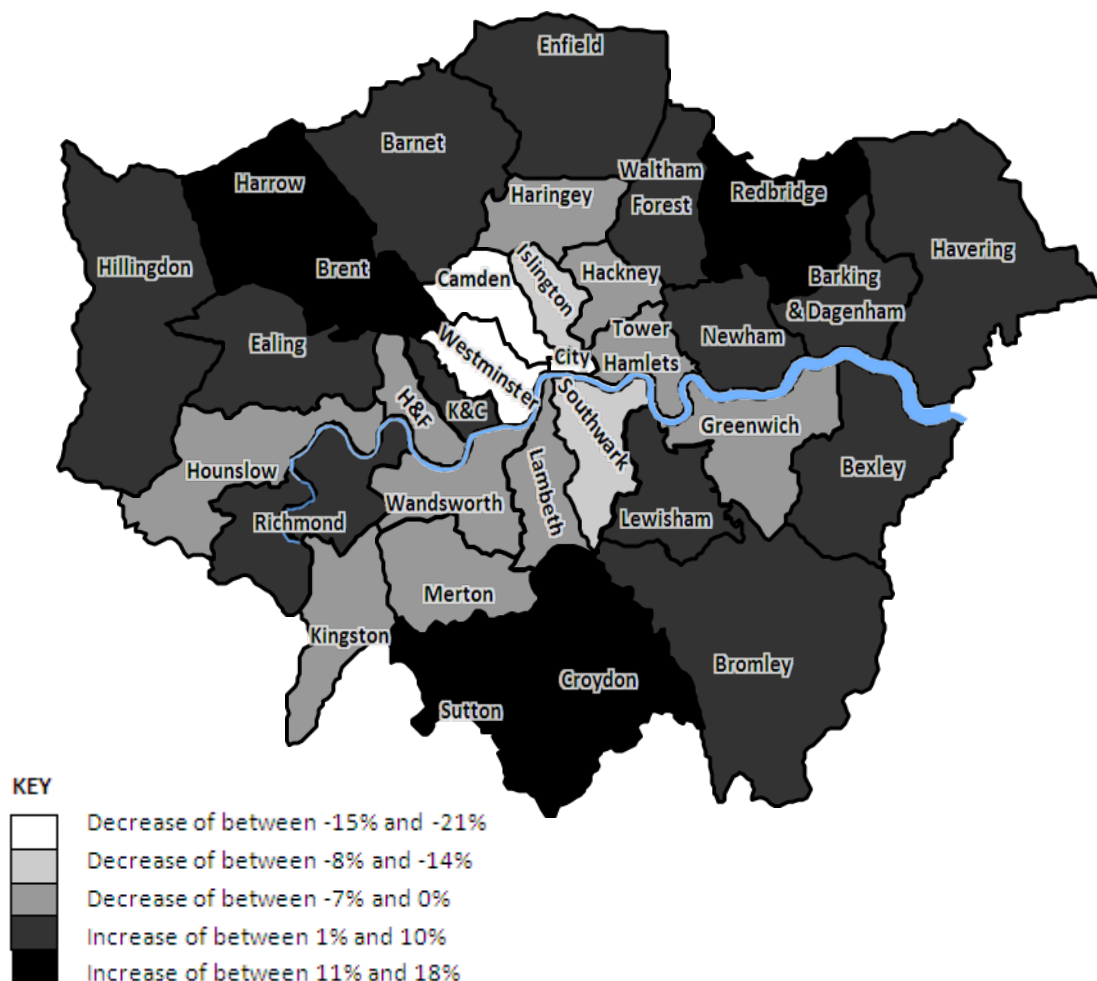
During the decade to 2011 the population of Croydon grew by 10% to become the largest population of any London borough. The borough has also become more ethnically diverse and has the largest population of 0-16 year olds in London. The population is set to grow from 373,000 to 400,000 by 2021, an increase of 7.24%.

London is experiencing a demographic shift with faster population growth in outer London outstripping that of inner London. This results from households with no alternative other than to move out of expensive inner London housing into more affordable properties in outer London. This situation is a key factor driving increased demand for council services in outer London boroughs such as Croydon.

Indices of Multiple Deprivation (IMD2010) data shows that between 2004 and 2010 levels of poverty rose in outer London and decreased in inner London. Of 430 neighbourhoods in London which became significantly more deprived than their neighbours, 400 are situated in outer London. Over the same period 374 neighbourhoods, predominantly located in inner London, became significantly less deprived.

The diagram below reflects the changing picture of deprivation across London between 2004 and 2010.

Borough level change in deprivation 2004 - 2010



We know from information linked to service usage that deprivation in Croydon has worsened since 2010 and believe that IMD2015 data which is due to be released shortly will confirm this.

### **Fairer distribution of government grant funding**

Despite the demographic changes and the shift in deprivation from inner London to outer London a disproportionate amount of government funding remain focused on tackling deprivation in inner London at the expense of burgeoning need in outer London. We have previously made representations to Government, both singly and jointly with other impacted London local authorities, highlighting our concerns about the inherent unfairness of damping arrangements. We are raising this issue again with the expectation that government will listen and act urgently to review current arrangements and implement changes.

For 2013/14 the application of damping resulted in loss of grant funding totalling **£10.1m** in Croydon. Over the period 2013-2021 the projected cumulative funding loss to Croydon resulting from damping locked into grant settlements up until 2020/21 is **£59.5m**.

The current arrangements presents a major challenge to our efforts to deliver balanced budgets over coming years and respond appropriately to the genuine need that exists in communities. With this in mind are asking for the following:

- That the current damping methodology is abolished or significantly changed, ending its unfair impact on the amount of funding we receive. This means removing the damping lock and letting our funding rise to the level that government themselves say we need.
- That our funding takes account of our growing populations and increasing levels of need. In the short-term this could be done with an additional pot of funding from government (such as Section 31 grants).
- That the government seriously considers a fundamental reform of local government funding, working with councils to ensure money is distributed fairly.

### **Devolution of greater freedom to local councils**

The Council welcomes the measures introduced under the Localism Act which gave local authorities greater control over local matters and the ability to respond more flexibly to local need. However the Council holds the view that there is still too much interference by government in matters which are best determined and managed locally. Croydon is committed and well positioned to achieve a level of growth that will contribute significantly to the wellbeing of local residents and businesses. Devolution will enhance the Council's ability to be more responsive to local need and inequality and also facilitate increased local democracy and

accountability.

Many of Croydon's priorities are reflected in the Local Government Association (LGA) programme "[Investing in Our Nation's Future](#)", which aims to achieve radical transformation of public services, to better meet the needs of local people more effectively and efficiently. Some specific freedoms and functions we would like devolved to local councils are outlined below:

### Education skills and employment

- Freedom and funding to develop and deliver joined up further education, employment and skills service, with particular emphasis on providing better support for young people.
- Local control over resources to promote and deliver growth and regeneration, potentially through joint arrangements with neighbouring authorities e.g. through Economic Prosperity Boards.
- Freedom to establish local employment and welfare programmes in preference to Universal Credit.
- Authority to challenge all local schools where underperformance is an issue, with the aim of introducing measure leading to improved education standards.
- Freedom to plan and manage capital investment in building new schools through central government allocation of indicative five year capital budgets.

### Finance

- Freedom to set the levels of Council Tax, Business Rates and associated discount(s).
- Retention of 100% of growth in Business Rates without a corresponding cut in Revenue Support Grant.
- Freedom to set fees and charges for all council services e.g. planning fees.

### Health and Social Care

- Provision of seamless health and social care services through joined up commissioning at the local level.
- Ability to reinvest a proportion of existing VAT on sales of soft drinks, fast food and confectionery in programmes to help tackle childhood obesity.
- Ability to reinvest a proportion of existing duty on tobacco and alcohol sales to tackle the harm caused by smoking and excessive drinking.

### Housing

- Freedom to increase borrowing to fund delivery of more affordable housing to meet local need – This will require removal of the Housing Revenue Account (HRA) borrowing cap and application of measures that are used to control other council borrowing.

- Ability to exercise control over the full amount of New Homes Bonus receipts from the Department for Communities and Local Government (DCLG)
- Retention by local councils of savings achieved on the local Housing Benefit bill, for reinvestment in the provision of additional affordable housing.

### Planning

- Freedom for local councils to introduce incentives for developers to speed up delivery of housing / business related developments. This could be achieved by levying Council Tax / Business rates on unbuilt units within a specified period after planning permission has been granted.
- Freedom to adopt local approach to permitted development to suit local circumstances.

### Roads

- Local control over proportion of existing fuel duty for the purpose of repairing local roads.

## **Pressures arising from changes in Government policy**

Housing need - The crisis has had a disproportionate impact on London which accounts for 76% of temporary accommodation used in England. The level of housing need in Croydon is more severe than London generally: the number of households approaching Croydon for assistance as homeless increased by 50% from 2009/10 to 2,500 in 2014-5. The number of households accepted as homeless in the same period increased by 107% to 880, and the number living in temporary accommodation increased by 118% to 2,766.

We anticipate that for the foreseeable future the number of homeless presentations will continue to increase and in turn drive up demand for and the cost of temporary accommodation.

Local Housing Allowance – We would welcome an increase in Local Housing Allowance rates for Croydon to reflect the real level of local private sector rent. The impact of the disparity between Housing Benefit paid and private sector rents is a key factor driving the substantial increase in homelessness which we are experiencing. The additional cost to the Council of providing temporary accommodation to qualifying households is unsustainable.

Impact of cuts to social rents - The proposal in the Welfare and Housing Bill to reduce social rents by 1% a year for the next 4 years compared to the previous assumption of a CPI+1% increase. This will mean an annual reduction of 4% in income to the HRA compared to the current business plan assumptions. Over the lifetime of the 30 year business plan this creates a substantial deficit based on previously agreed assumptions of annual expenditure.

Pay to Stay - It is proposed that social housing tenants on higher incomes (over £40,000 in London, over £30,000 elsewhere) should pay rents at the market rate

on the basis that their rents should not be subsidised by other working people. Whereas housing associations will be able to retain the additional rental income, local authorities will be required to transfer the equivalent amount to the Treasury. We are keen to see any additional funds raised through this mechanism retained by local authorities for investment in provision of additional housing stock.

Impact of benefit cap reduction - The planned reduction of benefit cap from £26,000 to £23,000 in October 2016 will result in 955 households in Croydon being affected rather than the 305 households affected by the current cap in Croydon. The collective loss of income to these households will amount to **£3.1m**. Mitigating the extent to which families are likely to get into financial difficulty will result in further costs to the Council. For example, we estimate that 215 families are at risk of losing their home as a result of the reduction in benefit cap and this could cost the local authority **£1.376m** in homelessness costs.

For households thus affected it would be helpful to be able to exempt those in such circumstances who require emergency accommodation: indeed for these households it would be helpful for housing benefit to remain a local authority assessment rather than a universal credit and would provide a failsafe on all sides.

The benefit cap reduction will have a negative impact on the Council in terms of Council tax support. Assessed against the criteria in our current scheme, the additional award of Council tax support due to the reduction in tax credits will cost the Council **£1.185m**.

Loss of income to vulnerable families resulting in pressure on Council services - We estimate that the impact of a range of welfare support measures on vulnerable people to be as follows:

- 1020 households affected by the limitations on back-dating discretionary housing benefit, to the loss of **£0.8m**, and resulting in increased pressure on rent arrears.
- 290 people will be affected by the ESA (work related) being capped to JSA levels, resulting in a loss of income of **£4.3m**.
- The capping of Universal Credit at 2 children will affect 2048 households in Croydon.
- The single room rate will affect 140 people, resulting in a loss of **£0.5m**.
- We estimate that 475 young people aged 18-21 will be affected by the removal of entitlement to housing benefit if they are made homeless, resulting in a loss of **£1.8m**.

The above will result in much greater demand on the Council's housing need and adult care services, where demand is already outstripping the Council's capacity to provide a sustainable budget.

UASC – Unaccompanied Asylum Seeking Children - Due to Croydon's unique position as a Gateway Authority, the Council is caring for the highest number of UASC in London and the second highest number in Southern England, second only to Kent. Numbers of UASC in Croydon are currently 450 and this number has been significantly increasing on a weekly basis since beginning of July, with 39 new

UASC in July in comparison with 11 in April 2015. This mirrors the current immigration crisis experienced by Kent due to the disorder in Calais. Young people presenting as below 18 years and accepted by the Home Office as a child are immediately referred to Croydon. The council maintains a duty social worker at the Home Office, Lunar House, and a duty social work team for UASC. These social workers provide advice and support to Croydon's 450 UASC. The reduction in the Home Office funding is estimated to create a **£4m** impact on the council's budget this year.

The number of individuals and families with NRPF has increased substantially in recent years following the 2011 judgement by the European Court of Justice on the Zambrano case, welfare reform and changes in NHS practices. As a result Croydon Council has to intervene and provide support to meet the needs (shelter, food, education and medical expenses) of a cohort who would otherwise become destitute. The Council is not able to reclaim any expenditure on this cohort from Government despite the significant additional burden imposed on Croydon due to its position as a Gateway Authority. This situation imposes an unfair burden on Croydon's Council Tax payers and we call on Government to reimburse our costs in this area.

Research on a range of services provided to support migrants with NRPF has identified that in this area alone the Council is underfunded by **£6m** per annum.

Underfunding of NHS - There is a need for increased funding allocation (2014-15 and 2015-16) for Croydon Clinical Commissioning Group (Croydon CCG) to better meet the health needs of Croydon's residents. Underfunding of local NHS services is a major issue of concern due to the impact on the health and wellbeing of local people and because it is a source of pressure for already overstretched social services.

School Places demand - Croydon Council has a statutory duty to ensure that there are sufficient school places available for every resident of statutory school age.

We continue to work in partnership with colleagues at the Department for Education, Education Funding Agency and with free school providers to attract and influence the highest quality provision to areas of demand.

In the last 4 years, we have worked with partners to deliver 7525 additional primary places and 1158 additional secondary places in the borough. These places are broadly been a mix of Fixed term expansions, permanent expansions and new schools.

The projects which have been delivered in the last 4 years have been delivered at a cost a total of £183m million; £125m was funded through capital allocations from the EFA and **£54m** was funding through Council borrowing. The council can no longer afford to fund this burden from local taxpayers when this is a national issue.

These significant pressures are making the balancing of the budget harder and harder each year. We call on government to recognise the need to review how funding is allocated to reflect the rapidly changing population and demographics in London and also to give all councils greater flexibility to be able to manage these significant and complex issues.



We are grateful for the opportunity to input into the Spending review and hope that our comments as outlined above will be given full and fair consideration and enable us to enter into a constructive dialogue.

If you have any queries please do not hesitate to contact me.

Yours faithfully,

Richard Simpson

Assistant Chief Executive

London Borough of Croydon