

**COUNCILLOR TONY NEWMAN
LEADER OF THE COUNCIL**

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**Cabinet 17 February 2015
Items relating to the Council Tax and Budget Setting process**

Financial Strategy & Budget 2014-15

1. General Fund & HRA Budget 2015/16 and Financial Strategy 2015/19

Cabinet considered a report (**attached as Council Appendix 2**) setting out the new financial strategy for 2015/19 that will support the council navigate through a hugely challenging period which will see the council's grant income continue to fall.

The report details the revenue and capital budgets for the General Fund for 2015/16, the priorities of the Council's financial investments based on a recommended **no change** in the Croydon element of council tax. It also details the budget for the Housing Revenue Account on a recommendation of a 2.2% increase to rent levels for 2015/16.

Cabinet recommends Council to approve:

1.1 **No change to Council Tax for 2015/16** for Croydon and a 1.34% decrease to the Greater London Authority (GLA) precept, on behalf of the GLA on the basis of :-

- I. All budget planning assumptions as detailed in the report;
- II. The programme of revenue investment, efficiencies and cuts by Cabinet Member Portfolio Holder as set out in Appendix A;
- III. The capital programme for 2015/18 as set out in Appendices B & C and the release of the annual highways programme;
 - I. The Council's detailed budget book as set out in Appendix D;
 - II. The overall revenue budgets and council tax levels as set out in Appendices E, F, and G

- III. The statement on reserves and balances and robustness of estimates from the statutory Section 151 Officer;
 - IV. That with reference to the principles for 2014/15 determined by the Secretary of State under s.s.52ZC(1) of the Local Government Finance Act 1992 (as amended) confirm that in accordance with s.52ZB (1) the Council Tax and GLA precept referred to above are **not excessive** in terms of the most recently issued principles and as such to note that no referendum is required;
 - V. The budget for the Housing Revenue and Capital Accounts for 2015/16 (Appendix H);
 - VI. The proposed housing investment programme of **£40.621m** (summarised in Appendix I);
 - VII. The Council's 2015/18 Financial Strategy (Appendix K)
 - VIII. A capital allowance of **£10.000m** as detailed in Section 6 of this report.
 - IX. To recommend to the Council the adoption of the Pay Policy statement at Appendix L;
 - X. The continuation of the Council's existing Council Tax Support Scheme in 2015/16
 - XI. To recommend the allocation of an additional £2m to the Connected Croydon Programme from underspends elsewhere within the capital budget for 2014/15.
- 1.2 Council notes that Cabinet was requested to agree:
- i. Rent increases for all Council tenants for 2015/16, in line with the Government's social rent policy with the average rent increases from this national formula being **2.2%**;
 - ii. That the full cost of services provided to those tenants who receive caretaking, grounds maintenance and bulk refuse collection services are recovered via tenants service charges, will increase in line with the social rent guidelines by **2.2%** for 2015/16;
 - iii. Charges to tenants for garage and parking space rents increase in line with the social rent guidelines by **2.2%** for 2015/16;

- iv. Heating charges for Council tenants to remain unchanged as per Appendix J;

1.3 Council note that Cabinet was asked to note:-

- I. That in respect of the Council's public sector equalities duties where the setting of the capital, revenue and HRA budget result in new policies or policy change the relevant service department will carry out an equality impact assessment to secure delivery of that duty including such consultation as may be required.
- II. The progress being made towards balancing the Council's financial position for 2014/15 as at Quarter 3 and the current projected outturn forecast of £1.253m as set out in Appendix M to this report 5.
- III. The response to the draft local government settlement which is attached at Appendix N.
- IV. The Council's Deferred Payments Policy and Charging Policy to be applicable to the April 2015 Care Act implementation (Appendices P & Q).

2. Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement & Annual Investment Strategy 2015/16

Cabinet will consider a report (**attached as Council appendix 3**) setting out the Council's Treasury Management objectives, which are to manage the Council's cash flows, borrowing and investments minimising the level of risk exposure; maximising investment yield returns; and ensuring that capital expenditure and financing plans are prudent, affordable and sustainable. The report details the activities that will be undertaken by the Council in 2015/16 and the capital borrowing needs of the Council for 2015/16:-

Total	<u>£m</u>	<u>£m</u>
1. In Year Borrowing Requirement (Gross)	167.226	
		<u>167.226</u>
2. Total Interest Payable on Debt		
- chargeable to Housing Revenue Account (HRA)	12.226	
- chargeable to General Fund (GF)	20.393	
		<u>32.619</u>

In addition the report details the investment activities and the estimated level of income earned.

Investment Income net of interest apportioned to Non-General Fund accounts e.g. HRA and other cash balances

(1.971)

(1.971)

Cabinet **recommends** Council to approve:

1.1 1. The Treasury Management Strategy Statement 2015/16 as set out in paragraphs 3.1 to 3.3 of this report including the recommendations that:

1.1.1 The Council takes up the balance of its 2014/15's borrowing requirement and future years' borrowing requirements, as set out in paragraph 3.3.

1.1.2 That for the reasons detailed in paragraph 3.7, opportunities for debt rescheduling are reviewed throughout the year by the Director of Finance & Assets and that, he be given delegated authority, in conjunction with the Council's independent treasury advisers, to undertake such rescheduling only if revenue savings or additional cost avoidance can be achieved at minimal risk in line with organisational considerations and with regard to the Housing Revenue Account (HRA) as set out in the Council's Financial Strategy.

1.1.3 That delegated authority be given to the Director of Finance & Assets to make any necessary decisions to protect the Council's financial position in light of market changes or investment risk exposure.

1.1.4 That, a mid-year monitoring report on treasury activities and periodic reports on investments be made to General Purposes and Audit Committee.

1.2 The Annual Investment Strategy as set out in paragraph 3.5 and as detailed in **Appendix B** of this report.

1.3 That the Affordable Borrowing Limits (required by Section 3 of the Local Government Act 2003) as set out in paragraph 3.6 and as detailed in **Appendix C** be as follows:

2015/16	2016/17	2017/18
£1,025.3m	£1,050.3m	£1,057.2m

1.4 The Prudential Indicators as set out in paragraph 3.8 and in **Appendix D** of this report.

1.5 The Annual Minimum Revenue Provision Policy Statement (required by SI 2008/414) as set out in paragraph 3.9 and as detailed in **Appendix E** of this report.

The Council's authorised counterparty lending list as at 31st December 2014 as set out in **Appendix F** of this report and the rating criteria set for inclusion onto this list