

Scrutiny & Overview Committee Agenda



To: Councillors Rowenna Davis (Chair), Richard Chatterjee (Vice-Chair),
Leila Ben-Hassel (Deputy Chair), Jade Appleton, Simon Fox and
Eunice O'Dame

Reserve Members: Sue Bennett, Louis Carserides, Amy Foster,
Gayle Gander, Brigitte Graham and Joseph Lee

A meeting of the **Scrutiny & Overview Committee** which you are hereby
summoned to attend, will be held on **Tuesday, 24 October 2023** at **6.30 pm** in the
Council Chamber, Town Hall, Katharine Street, Croydon CR0 1NX.

Katherine Kerswell
Chief Executive
London Borough of Croydon
Bernard Weatherill House
8 Mint Walk, Croydon CR0 1EA

Simon Trevaskis
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www.croydon.gov.uk/meetings
Monday, 16 October 2023

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webcast both live and after the meeting has completed at
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AGENDA – PART A

1. Apologies for Absence

To receive any apologies for absence from any members of the Committee.

2. Minutes of the Previous Meeting (Pages 5 - 22)

To approve the Part A minutes of the meetings held on 26 September and 6 October 2023 as an accurate record.

3. Disclosure of Interests

Members are invited to declare any disclosable pecuniary interests (DPIs) and other registrable and non-registrable interests they may have in relation to any item(s) of business on today's agenda.

4. Urgent Business (if any)

To receive notice of any business not on the agenda which in the opinion of the Chair, by reason of special circumstances, be considered as a matter of urgency.

5. 2023-24 Period 4 Financial Performance Report (Pages 23 - 58)

The Scrutiny & Overview Committee is presented with the latest Financial Performance Monitoring report (Period 4 – July 2023) for its information. The Committee is asked to: -

1. Review the information provided in the report on the 2023-24 Period 4 Financial Performance Report, and
2. Consider its conclusions on the latest budget position for 2023-24
3. Consider whether there are any recommendations to bring to the attention of the Mayor.

6. Medium Term Financial Strategy 2024-2028 (Pages 59 - 124)

The Scrutiny & Overview Committee is provided with the Cabinet report setting out decisions to be considered by the Executive Mayor on the Medium Term Financial Strategy. The Committee is asked to: -

1. Review the information provided in the report on the Medium Term Financial Strategy, and
2. Decide whether there are any comments or recommendations on the scheme to bring to the attention of the Mayor during his consideration of the report.

7. Annual Complaints Report 2022 - 2023

The Scrutiny & Overview Committee is provided with the annual report summarising the complaints received by the Council during the preceding year, 2022-23.

Report to follow.

8. Redevelopment Purley High Street Car Park and Leisure Centre (Part A)

The Scrutiny & Overview Committee is provided with the Part A Cabinet report setting out decisions to be considered by the Executive Mayor on the redevelopment of Purley High Street Car Park and Leisure Centre. The Committee is asked to: -

1. Review the information provided in the Part A & Part B report on the Redevelopment Purley High Street Carpark and Leisure Centre, and
2. Decide whether there are any comments or recommendations on the scheme to bring to the attention of the Mayor during his consideration of the report.

Report to follow

9. Scrutiny Work Programme 2022-23 (Pages 125 - 146)

The Scrutiny & Overview Committee is asked to: -

1. Note the most recent version of the Scrutiny Work Programme presented in the report.
2. Consider whether there are any other items that should be provisionally added to the work programme as a result of the discussions held during the meeting.

10. Exclusion of the Press and Public

The following motion is to be moved and seconded where it is proposed to exclude the press and public from the remainder of a meeting:

“That, under Section 100A(4) of the Local Government Act, 1972, the press and public be excluded from the meeting for the following items of business on the grounds that it involves the likely disclosure of exempt information falling within those paragraphs indicated in Part 1 of Schedule 12A of the Local Government Act 1972, as amended.”

PART B

11. Minutes of the Previous Meeting (Part B) (Pages 147 - 150)

To approve the Part B minutes of the meeting held on 6 October 2023 as an accurate record.

5. Redevelopment of Purley High Street Car Park & Leisure Centre

The Scrutiny & Overview Committee is provided with the confidential (Part B) Cabinet report setting out decisions to be considered by the Executive Mayor on the redevelopment of Purley High Street Car Park and Leisure Centre. The Committee is asked to: -

1. Review the information provided in the Part A & Part B report on the Redevelopment Purley High Street Carpark and Leisure Centre, and
2. Decide whether there are any comments or recommendations on the scheme to bring to the attention of the Mayor during his consideration of the report.

Report to follow

Public Document Pack Agenda Item 2

Scrutiny & Overview Committee

Meeting held on Tuesday, 26 September 2023 at 6.30 pm in Council Chamber, Town Hall, Katharine Street, Croydon CR0 1NX

MINUTES

Present: Councillor Rowenna Davis (Chair); Councillor Richard Chatterjee (Vice-Chair) Leila Ben-Hassel, Gayle Gande (reserve for Jade Appleton), Simon Fox and Eunice O'Dame.

Also Present: Executive Mayor Jason Perry

Apologies: Councillor Jade Appleton

PART A

50/23 **Minutes of the Previous Meeting**

The minutes of the meeting held on 25 July 2023 were agreed as an accurate record.

51/23 **Disclosure of Interests**

There were no disclosures of interest made at the meeting.

52/23 **Urgent Business (if any)**

There were no items of urgent business for the consideration of the Scrutiny & Overview Committee at this meeting.

53/23 **Mayor's Business Plan 2022-2026: Performance Report**

The Committee considered a report set out on pages 17 to 46 of the agenda which outlined the proposed performance indicators that would be used to measure the delivery of the Mayor's Business Plan. The report had been included on the agenda to provide the Committee with the opportunity to comment on these indicators prior to the first performance report being prepared for the Cabinet meeting on 25 October 2023.

The Executive Mayor of Croydon, Jason Perry, Chief Executive, Katherine Kerswell, Assistant Chief Executive, Elaine Jackson, Corporate Directors Nick Hibberd, Debbie Jones, Annette McPartland, Susmita Sen, Jane West, Director of Policy, Programmes & Performance, David Courcoux and Business Insight Manager, Craig Ferguson, attended the meeting for this item.

During the introduction to the report, the following points were noted: -

- The Mayor's Business Plan had been agreed by Council on 14 December 2022 and the report presented to the Scrutiny & Overview Committee outlined the key performance indicators (KPI) that would be used to monitor the delivery of this plan.
- The performance framework had been created through a process of reviewing the previous framework to align it to the Mayor's Business Plan and benchmarking against KPIs used by other boroughs.
- This process had resulted in the identification of the 78 recommendations set out in the report. There were also another 10 potential KPIs that had been suggested by the Mayor which were being developed for inclusion in future reports.
- The KPIs had been deliberately kept at a strategic level and were split into two categories. The first category were indicators where the Council had direct responsibility for delivery and the second category were indicators the Council delivered in partnership and did not directly control.
- It was proposed that the performance reports would be split into three sections. Firstly, a broad high level report, secondly an appendix setting out the indicators with a Red, Amber, Green (RAG) rating and benchmarking data, and thirdly an appendix providing more detail on each of the indicators including context from the relevant directorate.
- The methodology for grading the RAG rating would be as follows; if performance was on target, it would be rated as green, if performance was within 10% of the target it would be rated as amber, if performance was over 10% below the target it would be rated as red.
- Where available and relatively current, national bench marking data would be included in the performance report.

Following the introduction to the report, the Chair advised that the consensus of the Committee from their pre-meet had been that the performance report was a good piece of work and clearly presented.

The first question raised by the Committee on the report asked whether there had been any community engagement in the development of the KPIs. It was advised that the process to create the KPIs had started with the previously used KPIs, supported by benchmarking these against six other local authorities. The indicators had then been cross checked against the Business Plan to select the most relevant before coming to the Scrutiny & Overview Committee for its feedback. There had been no direct community engagement on the development of the KPIs, but the Mayor's Business Plan did come with community support as it was based on the Mayor's election manifesto.

As the process had included benchmarking against other local authorities, it was questioned whether this had included other Mayoral authorities and how the number of KPIs identified compare to the other authorities. It was confirmed that the 78 indicators proposed were of a similar number to that used by other local authorities. It was also the case that there was not a wide range of difference in the KPIs used by different authority types, so the benchmarking had not included a specific comparison against Mayoral authorities.

It was questioned whether consideration had been given to using regular residents' surveys rather than KPIs to measure performance. It was highlighted that a survey would provide the residents views on council services, while the performance report was data driven. Work was underway to prepare a resident survey, but it was likely that this could only be undertaken on an annual basis. Qualitative data would also be gathered from other areas such as through analysis on complaints and feedback received at Mayoral events.

In response to a follow-up about how the residents survey would be conducted, it was advised that it would involve face to face surveys. An external company had been contracted to undertake the process with it expected that 2,700 interviews would be completed. There was a requirement for the interviewees to be representative of the borough, so it may be the case that further targeted interviews are undertaken if it was found that certain groups were underrepresented.

The Committee agreed that identifying specific KPIs to demonstrate the vitality of the town centre would be a challenge, it was welcomed that the Mayor had asked officers to explore potential options in this area. The Committee suggested that footfall, the number of empty unit or the level of business rate income could be potential indicators used for this.

In response to a question about whether, given the high profile challenges within the service, there was enough housing related KPIs in the report, it was highlighted that there was already a significant focus on housing, with quarterly reports to Cabinet and the Housing Improvement Board, alongside the regulator working with the service. At present a full suite of indicators were being developed for the service in conjunction with the Housing Improvement Board and residents. The Committee suggested that void turnaround times and repair response times should be considered as possible additional indicators for future performance reports.

It was noted that there were very few KPIs included in the report on staffing, such as vacancy rates. It was advised that there were a few indicators related to staffing, but as it was a public facing report, the primary focus was on public facing services rather than inward facing areas such as staffing. It was agreed

that officers would be asked to review how staff issues were reflected in the report.

In response to a question about why there were few indicators in the report that related to poverty, it was advised that identifying indicators that could measure the level of poverty in the borough were difficult to define. Options under consideration included the employment rate in the borough and an annual KPI on weekly earnings. It was highlighted that there was a wealth of poverty related information on the Croydon Observatory, which was broken down to ward level.

It was suggested by the Committee that indicators should also be considered for Adult Social Care, to monitor the waiting times for services, although it was acknowledged this was being tracked at a directorate level. It was also suggested that an indicator on the level of violence perpetrated against women and girls could also be monitored, even though this area of work was primarily led by the Police.

In response to a question about how the data underpinning the report would be collected and verified, it was confirmed that the data would be reviewed by the Corporate Management Team and the Mayor's Advisory Board monthly. If any issues were raised by the monitoring process, these would be picked up at the departmental level in the first instance, with an escalation process being trialled. Many of the KPIs would be drawn from pre-existing data and tested by the Business Insight Manager.

It was questioned how the data used for the performance report would be presented, with a request made for as much visual representation as possible. It was advised that a lot of the data relating to services would be imported into the Croydon Observatory, which would allow it to be presented in different formats, with other ways to display data within Croydon Observatory being explored.

The final question of the session asked whether there was a buy-in from the wider workforce on the importance of the reporting process and ensuring accuracy and openness when submitting data. It was advised that a clear message had been given to staff that the performance reporting process was not about hiding bad data and presenting everything as perfect. Having a 'red' RAG rating allowed issues to be highlighted and would prompt a discussion on what was needed to improve performance.

At the conclusion of this item, the Chair thanked the Mayor and officers for their attendance at the meeting and their engagement with the questions of the Committee.

Actions

The Scrutiny & Overview Committee agreed the following actions arising from their discussion of this item: -

1. A request was made for the questions to be used in the Residents Survey to be shared with the Committee, once available.

Conclusions

Having reviewed the report and the information provided at the meeting, the Scrutiny & Overview Committee reached the following conclusions on the Mayor's Business Plan – Performance Report: -

1. Having reviewed the proposed performance indicators to be used to track the delivery of the Mayor's Business Plan, the Committee agreed that it was broadly supported of the 78 indicators outlined in the report.
2. Although supportive of the 78 performance indicators included in the report, the Committee also agreed that there were some areas where additional indicators may be beneficial, such as indicators to help measure the vitality of the town centre, the performance of the housing service and waiting lists for services in Adult Social Care.
3. The Committee agreed that, wherever possible, clarity had been provided in setting out how the performance indicators would be measured and how success would be defined.
4. The Committee welcomed the use of a clearly defined RAG rating system to provide an overview on delivery, especially as it was supplemented with the provision of an appendix giving a more detailed breakdown on the delivery of each of the indicators.
5. The Committee also welcomed the use of benchmarking data, where available, as a means of comparing the Council's performance against that of similar local authorities.
6. The Committee was supportive of the proposed approach to use qualitative feedback gathered from resident surveys to crosscheck service performance against the quantitative data used in the Performance Report.

Recommendations

The Scrutiny & Overview Committee agreed to submit the following recommendations for the consideration of the Mayor: -

1. The Committee recommends more performance indicators to measure the vitality of the town centre be included, such as footfall, the number of empty units and business rates.

2. Given the substantial transformation within the service, the Committee would recommend that additional performance indicators related to Housing are added to the Performance Report to monitor improvement for key areas, particularly void turnaround times.
3. Given the increasing demand upon services within the Adult Social Care directorate, the Committee would recommend the inclusion of performance indicators to track the waiting times for residents to access services with the highest demand.

54/23 **Month 3 2023-24: Financial Performance Monitoring**

The Committee considered a report on pages 47 to 82 of the agenda that provided an overview of the latest budget position for 2023-24 up until the end of Month 3 (June 2023). This report was included on the agenda as part of the Committee's ongoing scrutiny of the delivery of 2023-24 budget.

The Chief Executive, Katherine Kerswell, Corporate Director for Resources & Section 151 Officer, Jane West, Director of Finance, Allister Bannin, Assistant Chief Executive, Elaine Jackson and Corporate Directors Nick Hibberd, Debbie Jones and Annette McPartland were in attendance for this item at the meeting.

During the introduction to the report, the following points were noted: -

- The budget for 2023-24 was only balanced due to the £63m capitalisation request being granted by Government.
- It was predicted that the budget shortfall next year would reduce to £38m, which would then be needed to be found each year on an ongoing basis.
- To stay within budget for this year, the Council must deliver £33m of savings, which was the highest level of savings needed within the London boroughs.
- Two directorates, Childrens and Adults Service, have flagged that their activity rates have continued to increase which means it possible that there would be an overspend in this area.
- However, a balanced budget was still predicted as other directorates were forecasting an underspend which would help to reduce the identified overspend alongside used of the corporate contingency fund.
- The Housing Revenue Account (HRA) was forecasting a £3.8m overspend due to the additional work required to address the missed repair back log, the work to improve void turnaround times and higher legal fees than budgeted for linked to disrepair cases.

It was highlighted that a report was due to be considered by the Executive Mayor at the Cabinet meeting on 27 September 2023 that requested the allocation of additional funding for a project aimed at maximising the functionality of the Oracle system used by the Council for finance and HR processes. Reassurance was sought by the Committee about the potential impact of the issues highlighted in the Cabinet report and whether there was a risk to the accuracy of the financial reporting of the Council. It was advised that the issues with the Oracle system were mainly inefficiencies related to staff time and not related to data accuracy. There was a specific issue related to integration with the new NEC Housing system, which was having an impact on accuracy within that specific area, but it was an identified risk and being managed accordingly.

Given media reports about the cost of fixing the Oracle system at Birmingham City Council, reassurance was sought about the cost of the improvement work in Croydon. It was advised that it had been estimated the project would cost between £2m to £5m, with it more likely to be delivered at the lower end of the estimate. The system was already in place and the Council would not be buying any new modules, instead the project was aimed at maximising the functionality of the existing system. One of the main workstreams for the project would be focussed on business change to ensure staff were getting the best use out of Oracle and able to use it fully.

It was confirmed that the total corporate contingency fund was £5m, which had been agreed as part of the Budget by Council in March 2023. At present, the month 3 forecast was predicting that £4.5m of the corporate contingency fund would be allocated to offset against overspends elsewhere within the budget. It was noted that the allocation of the corporate contingency fund had increase from £3.8m in month 2 to £4.5m in month 3, with concern raised about what would happen if the limit of this contingency fund was exceeded. It was advised that there was a view across the directorates that the currently forecast overspend would be corrected and budget holders were being regularly challenged by the Corporate Management Team on this. If the overspend exceeded the £5m in the corporate contingency fund, it would require the use of reserves to balance the budget. If the budget overspend reached the point where there was a need to use reserves, it would be escalated to Executive Mayor and Cabinet and there would be a corporate wide approach to finding a solution.

There was concern raised about how the restructure within the Homelessness service would impact upon budget savings in the current year. However, it was confirmed that any savings resulting from the restructure had not been factored into the 2023-24 budget. The primary driver for the restructure was to provide a better service which would lower demand and as a result reduce waiting lists. Additional agency staff had been brought into the service to help clear backlogs and to ensure the new structure was launched successfully.

Regarding the overspend within the Childrens service, it was asked whether there was any reassurance that the budget overspend could be corrected, in light of increasing staff costs and service demand. It was acknowledged that an increased demand for services was not unique to Croydon and was an issue across the country, with the report provided additional commentary to explain the pressures the service was experiencing related to a small number of high cost placements. The month 3 report provided a projection of the cost of these placements if they were kept in place for the whole year, but if circumstances changed these costs may be reduced. Officers were working with regional and national groups to highlight the challenges facing social care and the market was being increasingly monitored by Ofsted.

It was confirmed that the £3.8m projected overspend within the Housing Revenue Account (HRA) was in part related to the need to address a backlog of repairs and maintenance that had built up under the previous responsive repairs contract. In August 2023 the Council had appointed three new contractors to manage its responsive repairs service and they were currently working through this backlog. It was envisaged that although there may be further increases, costs were expected to plateau once the backlog had been addressed. The HRA had reserves of approximately £50m, which could be used to address the potential overspend in the current year, if needed.

It was questioned whether staff vacancies within the Sustainable Communities directorate were being used to offset the lower than expected income. It was highlighted that Sustainable Communities was the largest directorate in the Council with approximately 400 staff. There were a number of vacancies across the service, some of which were vacant due to recruitment difficulties and others were being held back for transformation purposes.

At the conclusion of this item, the Chair thanked the officers for their attendance at the meeting and their engagement with the questions of the Committee.

Actions

The Scrutiny & Overview Committee agreed the following actions arising from their discussion of this item: -

1. The Committee agreed to keep a watching brief on the Oracle Project, subject to its agreement by the Mayor in Cabinet on 27 September 2023, and that a deep dive on the outcome of the project would be scheduled when appropriate.
2. That a briefing would be arranged with the Director of Finance on Finance Performance Monitoring reports.

Conclusions

Having reviewed the report and the information provided at the meeting, the Scrutiny & Overview Committee reached the following conclusions on the Period 2 Financial Performance Monitoring report: -

1. The Committee agreed that it welcomed the honesty and openness of officers in response to their questions on the financial position of the Council.
2. The Committee was concerned about the projection that a significant proportion of the corporate contingency fund would be needed to balance the forecasted overspend within the budget and agreed that it would keep this under review.
3. The Committee welcomed confirmation that the inclusion of percentage variance would be added to future monthly reports from month 6.

55/23

People & Cultural Transformation Strategy: Action Plan

The Committee considered a report set out on pages 83 to 120 of the agenda setting out the action plan which underpinned the People & Cultural Transformation Strategy agreed by the Executive Mayor at Cabinet on 25 January 2023. The Strategy had been reviewed by the Scrutiny & Overview Committee on 30 January 2023, at which time the Committee agreed that it wanted to review the accompanying action plan once it had been completed.

The Chief Executive, Katherine Kerswell, Assistant Chief Executive, Elaine Jackson, Corporate Director of Resources, Jane West and Chief People Officer, Dean Shoesmith attended the meeting for this item.

During the introduction to the report by the Chief People Officer the following points were noted: -

- The People & Cultural Transformation Strategy had been developed through co-creation and this approach had continued for the development of the action plan.
- This co-creation approach included a range of sessions being held with staff on the seven pillars within the Strategy.
- This approach would continue throughout the life of the Strategy with regular engagement with staff and unions to test the Strategy to ensure it was having its intended impact.

Before asking questions on the report, the Chair highlighted that the Committee had met with staff and union representatives prior to the meeting to hear their feedback on the action plan, with the general consensus being

that it reflected the feedback given during the co-creation sessions. Having reviewed the action plan, the Committee was unsure how many of the actions would be measured to determine delivery and welcomed confirmation from the Chief People Officer that the action plan would be refined to ensure the actions were as SMART (specific, measurable, achievable, relevant, and time-bound) as possible.

It was questioned whether the issues with the Oracle system would have an impact on the delivery of the strategy. It was acknowledged that there was a lot of work needed to improve the system and processes for Oracle. However, the strategy was focussed on culture and behaviour rather than systems, which was why a co-creation approach had been used. A key improvement that would be looked for as part of the Oracle project was to improve the recording of management information such as staff establishment. There would also be work needed to build dashboards of data within Oracle as currently a significant amount of time was spent compiling this information outside the system.

Regarding apprenticeships, it was confirmed that there was an aim for the Council to have seven apprenticeships per directorate each year. 'Growing your own' was a key workstream in the strategy and included apprenticeships, the national graduate programme and supporting new social workers. The Committee welcomed the commitment to increasing the number of apprenticeships at the Council.

As a follow-up it was questioned how the Council would ensure that it had an inclusive approach to growing its own talent. It was advised that during the co-creation process, there was a strong message from staff that there needed to be a much more systematic approach to skills pathways and providing development opportunities across the Council. As such this was the focus of Pillar 4 in the strategy.

Regarding staff wellbeing, it was confirmed that mental health was the most significant reason for staff absence, with 5,500 days lost per year. As part of the work to address this, a bid had been made for covid funds to use for tackling wellbeing and mental health issues, including funding research on the reasons for mental health absence. Although there had been a recent audit on the mental health support available, which was positive, the funding would be used to look at the root causes and the support needed for these issues.

Further information was requested on non-pay related incentives available for staff. It was advised that there had been a recent campaign to highlight what was available for staff, with incentives such as discounted gym membership, discounted shopping, and cinema tickets available. The recruitment landing pages on the Council's website had also been revamped. Long service awards had been put in place and would begin in November, with 116 staff

with 20 years or more service. There would also be staff awards starting from April 2024.

An update was requested on number of days staff worked from home each week. It was advised that prior to the pandemic staff worked in the office 3.8 days per week and now it was 1.7 days per week. The Council had a Hybrid Working Policy which set attendance at 2 days per week and a recent pulse survey indicated that approximately a third of staff were in the office two or more days a week. A report was due to be considered by CMT on the issue, as a balance needed to be found between ensure services were being provided for residents and the expectations of prospective job candidates looking for greater flexibility post-pandemic.

The final question for this item asked how the Council was ensuring middle managers were equipped to deal with performance management. It was advised that workload management was a key issue, with a recent programme 'Stop, Pause, Reprioritise' aimed at managing workloads. There was also an ongoing series of 'tea-talks' with the most recent being focussed on accessibility.

At the conclusion of this item, the Chair thanked the officers for their attendance at the meeting and their engagement with the questions of the Committee.

Conclusions

Having reviewed the report and the information provided at the meeting, the Scrutiny & Overview Committee reached the following conclusions on the People & Cultural Transformation Strategy: Action Plan report: -

1. The Committee had concern about whether the action plan contained enough SMART objectives to enable its delivery to be effectively monitored. Whilst the Committee welcomed confirmation that the action plan would be further refined to this effect, it was noted that Scrutiny and Overview had raised this concern before when it looked at the People Strategy earlier in the year.
2. The Committee commended the ongoing cocreation approach used for the People & Cultural Transformation Strategy and its accompanying action plan.

Recommendation

The Scrutiny & Overview Committee agreed to submit the following recommendation for the consideration of the Mayor: -

1. The Committee recommends that each of the "measures of success" in the People & Cultural Transformation Strategy - Action Plan are re-

evaluated to ensure that they all contain a SMART target that is easy to monitor.

56/23 Scrutiny Annual Report 2022-23

The Committee considered a report set out on pages 121 to 196 of the agenda which presented a draft version of the Scrutiny Annual Report 2022-23 for comment, prior to a final version being submitted to the next Full Council meeting on 11 October 2023 for noting.

It was noted that the report would be updated to include an appendix providing a summary of the recommendations submitted for the consideration of the Executive Mayor during 2022-23.

Resolved: The Scrutiny & Overview Committee agreed to: -

1. Approve the draft version of the Annual Scrutiny Report for submission to Council on 11 October 2023.
2. To note that any amendments made as a result of the comments of the Committee will be agreed by the Scrutiny Chairs, to meet the timeline for delivery to the Council meeting.

57/23 Scrutiny Recommendations

The Committee considered a report set out on pages 197 to 206 of the agenda which presented recommendations proposed by the scrutiny sub-committees for sign-off ahead of submission to the Executive Mayor. It also presented the response of the Mayor to previous recommendations submitted by the Scrutiny & Overview Committee for consideration.

Resolved: The Scrutiny & Overview Committee agreed to: -

1. Approve the recommendations made by its Sub-Committee's for submission to the Executive Mayor for his consideration.
2. Note the response provided by Mayor to recommendations made by the Scrutiny & Overview Committee.

58/23 Scrutiny Work Programme 2023-24

The Committee considered a report set out on pages 207 to 226 of the agenda which presented the most recent version of the work programme for the Scrutiny & Overview Committee and its Sub-Committees.

Resolved: The Scrutiny & Overview Committee agreed to note the most recent version of the Scrutiny Work Programme 2023-24.

59/23 **Exclusion of the Press and Public**

This motion was not required.

The meeting ended at 9.18 pm

Signed:

Date:

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Public Document Pack

Scrutiny & Overview Committee

Meeting held on Friday, 6 October 2023 at 6.30 pm in Council Chamber, Town Hall, Katharine Street, Croydon CR0 1NX

MINUTES

- Present:** Councillors Rowenna Davis (Chair), Richard Chatterjee (Vice-Chair), Leila Ben-Hassel, Gayle Gander (reserve for Jade Appleton), Eunice O'Dame
- Also Present:** Councillor Jason Cummings – Cabinet Member for Finance
- Apologies:** Councillors Jade Appleton and Simon Fox

PART A

60/23 **Disclosure of Interests**

Although there were no disclosures of interest made at the meeting, the Chair, Councillor Rowenna Davis, confirmed for the record that The Colonnades was based in her ward.

61/23 **Urgent Business (if any)**

There were no items of urgent business for the consideration of the Scrutiny & Overview Committee at this meeting.

62/23 **Pre-Decision Scrutiny: The Colonnades, 619 Purley Way, Croydon CR0 4RQ - Asset Disposal (Part A)**

The Committee considered a Part A report set out in the agenda supplement, which detailed the proposed disposal of The Colonnades, 619 Purley Way, Croydon CR0 4RQ. The Chair advised that this unscheduled meeting of the Committee had been set up to provide the opportunity to seek further reassurance on the proposed asset disposal, following the Chair's permission being sought to exempt the decision from call-in. In holding a formal Committee meeting prior to the decision being made it also allowed any concerns about the proposal to be highlighted to the Corporate Director of Resources, Jane West, prior to her taking the decision under the authority delegated in the Asset Disposal Plan.

The Cabinet Member for Finance, Councillor Jason Cummings, the Director for Commercial Investment and Capital, Huw Rhys-Lewis and the Deputy Monitoring Officer, Looqman Desai were in attendance at the meeting for this item.

During the introduction to the report by the Cabinet Member for Finance, it was highlighted that the Colonnades had been included in the first tranche of assets for disposal, agreed by the Mayor as part of the Asset Disposal Plan at the Cabinet meeting on 24 May 2023. The Colonnades was the largest asset marked for disposal in the first tranche and its disposal was a part of the strategy to reduce the Council's debt and would help to satisfy the Improvement and Assurance Panel that progress was being made with delivering the Asset Disposal Plan.

As the Committee was keen to ensure as much of the discussion as possible was held in public, before commencing its questioning on the proposed decision, the Chair invited the Deputy Monitoring Officer to explain what information was and was not considered to be exempt, as a guide for the meeting. Additionally, an explanation was given on the difference between the Council's general best value duty and the specific duty when making land disposals to secure the best price reasonably obtainable.

The first question raised by the Committee asked for an explanation why a red book valuation was not needed as part of the disposal process for the Colonnades. It was advised that in most instances a red book valuation would be undertaken, but in this case the market was used to determine the valuation. The Council's decision was informed by the advice of its appointed selling agent, Savills, who had provided a marketing valuation, which was in line with the existing book valuation.

The Cabinet Member advised that although the red book valuation could provide further information on the potential value of an asset, in actual terms the valuation was determined by the market. The disposal of the Colonnades was different to many other council assets targeted for disposal in that it was an investment asset rather than an operational one and as such had been treated differently.

It was questioned whether the Council's financial situation could result in bidders submitting lower than anticipated bids for assets and whether by having red book valuation in place it would provide additional reassurance, beyond that of a market-led valuation. In response it was emphasised that the Council was not in a position to consider whether it was the best time to sell its assets, as it needed to urgently dispose of assets to manage its debt situation, as such the market interest in an asset provided a reliable indication of its current value.

In response to a question about whether other disposal mechanisms, such as an auction, had been considered for the Colonnades, it was highlighted that a range of options were being used to sell other assets listed in the Asset Disposal Plan. However, for an asset like the Colonnades, it would be highly unusual to dispose of it through an auction. The Council had followed the standard industry practice for disposing of a large retail asset and on balance

it was felt to have achieved the right outcome considering the market conditions.

It was noted that from the marketing exercise there had been eight bidders in the first round and six in the second round, with it questioned how this compared to other similar disposals. It was advised that the level of interest received in purchasing the Colonnades should be seen as positive in the current market.

At this stage of the meeting the Committee concluded its questioning on the Part A report and agreed a motion to exclude the press and public for the remainder of the meeting.

63/23 Exclusion of the Press and Public

The following motion was proposed by Councillor Rowenna Davis seconded by Councillor Richard Chatterjee and agreed by the Committee to exclude the press and public for the remainder of the meeting.

“That, under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that it involves the likely disclosure of exempt information falling within paragraph 3 as indicated in Part 1 of Schedule 12A of the Local Government Act 1972, as amended”.

64/23 Pre-Decision Scrutiny: The Colonnades, 619 Purley Way, Croydon CR0 4RQ - Asset Disposal (Part B)

Please note that a full confidential minute has also been produced that includes confidential conclusions of the Committee.

The Committee considered the confidential report set out in the agenda supplement which provided further information on the proposed disposal of The Colonnades. During its consideration of this information, the Committee asked questions on the following areas: -

- Further questioning on the value of the asset
- The impact of the disposal on the Council’s debt.
- The potential purchase price of the asset and how it compared to the cost of the asset when it was purchased in 2018.
- Potential future options for the Colonnades site.
- The credibility of the preferred bidder.

The meeting ended at 8.15 pm

Signed:

Date:

.....
.....

LONDON BOROUGH OF CROYDON

REPORT:	Scrutiny & Overview Committee	
DATE OF DECISION	24 October 2023	
REPORT TITLE:	2023-24 Period 4 Financial Performance Report	
CORPORATE DIRECTOR	Jane West, Corporate Director of Resources (Section 151) jane.west@croydon.gov.uk 020 8726 6000 Ext 27320	
LEAD OFFICER:	Allister Bannin, Director of Finance	
LEAD MEMBER:	Councillor Jason Cummings Cabinet Member for Finance	
AUTHORITY TO TAKE DECISION:	The attached report is presented to the Scrutiny & Overview Committee as part of its ongoing Budget Scrutiny work.	
KEY DECISION?	No	
CONTAINS EXEMPT INFORMATION? <i>(* See guidance)</i>	No	Public
WARDS AFFECTED:	All	

1. 2023-24 PERIOD 4 FINANCIAL PERFORMANCE REPORT

- 1.1. Attached at Appendix A to this cover report is the latest financial performance of the Council at the end of period 4 (July 2023).
- 1.2. The report is presented to the Scrutiny & Overview Committee as part of its ongoing scrutiny of the budget, allowing reassurance to be sought on the delivering of 2023-24 budget.

2. RECOMMENDATIONS

- 2.1. The Committee is asked to: -
 1. Review the information provided in the report on the 2023-24 Period 4 Financial Performance Report, and
 2. Consider its conclusions on the latest budget position for 2023-24

3. Consider whether there are any recommendations to bring to the attention of the Mayor.

CONTACT OFFICER:

Simon Trevaskis – Senior Democratic Services & Governance Officer – Scrutiny

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Appendix A: 2023-24 Period 4 Financial Performance Report

LONDON BOROUGH OF CROYDON

REPORT:	CABINET	
DATE OF DECISION	25 October 2023	
REPORT TITLE:	2023-24 Period 4 Financial Performance Report	
CORPORATE DIRECTOR	Jane West Corporate Director of Resources (Section 151 Officer)	
LEAD OFFICER:	Allister Bannin, Director of Finance (Deputy S151)	
LEAD MEMBER:	Cllr Jason Cummings, Cabinet Member for Finance	
KEY DECISION?	Yes	Reason: Key Decision – Decision incurs expenditure, or makes savings, of more than £1,000,000 or such smaller sum which the decision-taker considers is significant having regard to the Council’s budget for the service or function to which the decision relates
CONTAINS EXEMPT INFORMATION?	No	Public Grounds for the exemption: N/A
WARDS AFFECTED:	All	

1 SUMMARY OF REPORT

- 1.1 This report provides the Council’s financial performance as at Period 4 (July 2023) for the General Fund, Housing Revenue Account (HRA) and the Capital Programme. The report forms part of the Council’s financial management process for publicly reporting financial performance on a monthly basis.

Financial Performance Summary Table

Financial Performance Area	2023-24 Revised Budget (£m)	2023-24 Forecast (£m)	2023-24 Forecast Variance (£m)
Revenue Forecast (General Fund)	340.9	340.9	-
Revenue Forecast (Housing Revenue Account)	-	3.8	3.8
Capital Forecast (General Fund)	144.7	130.8	(13.9)
Capital Forecast (Housing Revenue Account)	33.2	37.3	4.1

2 RECOMMENDATIONS

For the reasons set out in the report, the Executive Mayor in Cabinet is recommended:

- 2.1** to note the General Fund revenue budget outturn is forecast to breakeven at Period 4, after the forecast utilisation of £63m capitalisation directions requested from DLUHC and £4.1m of the corporate risk contingency budget. It is not planned to utilise the risk contingency budget and directorates will work to bring the service directorate positions within budget.
- 2.2** to note the progress in MTFS savings achievement as set out in paragraph 4.82.
- 2.3** to note the work that has commenced on the Council's Transformation Programme as set out from paragraph 4.77.
- 2.4** to note the Housing Revenue Account (HRA) revenue budget outturn is forecast to overspend by £3.8m.
- 2.5** to approve a net budget increase to the 2022-26 General Fund capital programme budget of £0.336m, owing to slippage, changes in grant funding and the removal of the transformation budget (originally slipped from 2022-23), as set out in paragraph 4.97.
- 2.6** to approve the allocation of £4.000m reserves funding for transformation expenditure, as set out in paragraph 4.77.
- 2.7** to note the General Fund capital programme 2023-24 forecast underspend of £13.9m against the revised capital budget (to be agreed by Cabinet) of £144.7m.
- 2.8** to note the HRA capital programme 2023-24 forecast overspend of £4.1m against the revised capital budget of £33.2m.
- 2.9** to note the Council's historic legacy borrowing and debt burden continues to be critical to the sustainability of the Council's revenue budget. Dialogue with the Department for Levelling Up, Housing and Communities (DLUHC) continues, and the Council is seeking further financial support from Government in regards to its level of indebtedness and balancing the budget to ensure it can deliver sustainable local government services.
- 2.10** to note that the Council continues to operate Spend Control Panels to ensure that tight financial control and assurance oversight are maintained.
- 2.11** to note that current forecasts are based on the best available information at the time and will be subject to review and change during the financial year.

3 REASONS FOR RECOMMENDATIONS

- 3.1** The Financial Performance Report is presented monthly to Cabinet and provides a detailed breakdown of the Council's financial position and the in-year challenges it faces. It covers the General Fund, Housing Revenue Account (HRA) and Capital Programme. The Financial Performance Report ensures there is transparency in the financial position, and enables scrutiny by the Executive Mayor, Cabinet, Scrutiny & Overview Committee and the public. It offers reassurance regarding the commitment by Chief Officers to more effective financial management and discipline.

4 BACKGROUND AND DETAILS

- 4.1** The 2023-24 budget approved by Council in March 2023 set a net revenue budget of £340.9m. This required capitalisation directions from government of £63m to balance, owing to resolving historical inaccurate accounting treatments and to fund the ongoing annual servicing of debt.
- 4.2** The Council's historic legacy borrowing and debt burden continues to be critical to the sustainability of the Council's revenue budget.
- 4.3** The current forecast is that the Council will breakeven against the 2023-24 General Fund revenue budget, however this is following the forecast utilisation of the £63m capitalisation directions requested from DLUHC and £4.1m of the corporate risk contingency budget. It is not planned to utilise the risk contingency budget and directorates will work to bring the service directorate positions within budget.

Cost of Living Considerations

- 4.4** There are a number of inflationary pressures that the Council, like all local authorities, is managing. The UK's Consumer Prices Index (CPI) inflation rate was 6.8% in the 12 months to July 2023, remaining high albeit lower than the Office for National Statistics (ONS) reporting in November 2022 that the CPI hit 11.1% in October 2022. This impact goes beyond the Council as the cost of living is affecting all households and businesses.
- 4.5** These macro-economic factors are impacted by international events and, therefore, well beyond the control of Croydon Council. Despite the limitations, the Council is seeking to support households wherever possible.
- 4.6** A dedicated cost of living information hub has been established on the Council's website. This provides a single source of information, informing residents of the financial support available and signposting to further support, advice and guidance. This information is continually reviewed, updated and improved.

4.7 The Council provides a wide range of support for residents that may be struggling owing to cost of living pressures. These include:

- Discretionary support for residents in financial hardship, including the Household Support Fund
- Council Tax support – for residents on a low income or in receipt of benefits, Council Tax bills could be reduced by up to 100%
- Council Tax Hardship Fund (supporting low income households that cannot afford to pay their full increase in Council Tax)
- Housing Revenue Account (HRA) discretionary fund targeted for tenants that are not in receipt of housing benefit
- Benefits calculator, to ensure residents receive the support to which they are entitled
- Energy advice, including heating and money saving options, through our Croydon Healthy Homes service
- Free holiday activity clubs with healthy meals for children
- Croydon Works to help residents into employment or to receive training to support them into work and funding of the voluntary sector to provide advice and guidance

4.8 The cost of living information hub also signposts residents to a range of support provided by other organisations in Croydon, including:

- NHS Healthy Start vouchers for families
- Free school meals
- Support from voluntary, community and faith sector organisations
- Support for businesses through the London Business Hub and the British Business Bank
- CroydonPlus credit union which offers affordable ways to manage money, including savings accounts and loans

GENERAL FUND REVENUE BUDGET SUMMARY

4.9 The General Fund revenue forecast outturn shows an overall balanced position following the forecast utilisation of the £63m capitalisation directions requested from DLUHC. The service directorates show a forecast overspend of £4.1m which is offset by utilisation of the corporate risk contingency budget. It is not planned to utilise the risk contingency budget and directorates will work to bring the service directorate positions within budget.

Table showing the revenue forecasts by Directorate

Directorate	Net Budget (£m)	Actuals to Date (£m)	Forecast (£m)	Forecast Variance (£m)	Prior Month Forecast Variance (£m)	Change in Forecast Variance (£m)
Adult Social Care and Health	138.7	57.3	140.1	1.4	1.2	0.2
Assistant Chief Executive	42.0	4.8	41.4	(0.6)	(0.3)	(0.3)
Children, Young People and Education	96.2	21.0	101.6	5.4	5.2	0.2
Housing	21.6	12.8	21.6	-	-	-
Resources	35.2	56.2	33.1	(2.1)	(1.6)	(0.5)
Sustainable Communities, Regeneration & Economic Recovery	69.4	18.2	69.4	-	-	-
Subtotal Service Directorates	403.1	170.3	407.2	4.1	4.5	(0.4)
Corporate Items and Funding	(62.2)	(6.1)	(66.3)	(4.1)	(4.5)	0.4
Total Net Expenditure Budget	340.9	164.2	340.9	-	-	-

- 4.10** Work will continue through to the end of the year to manage those areas with forecast overspends to ensure the Council remains within budget.
- 4.11** The Council continues to build on the improvements in financial management that were made last financial year. However, there is a considerable amount yet to do, which is fully recognised within the organisation.
- 4.12** A monthly budget assurance process and independent challenge of expenditure takes place. This is in addition to Cabinet and Scrutiny & Overview Committee review. The assurance meetings provide the Corporate Director of Resources (Section 151 Officer) and the Chief Executive with an opportunity to scrutinise and challenge the forecast outturn, review risks and opportunities, and ensure that savings are delivered and income targets are met. The meetings ensure the Council is doing all it can to reduce overspends and deliver a balanced budget.

DIRECTORATE VARIANCES

Adult Social Care and Health (ASCH)

Division	Net Budget (£m)	Actuals to Date (£m)	Forecast (£m)	Forecast Variance (£m)
Adult Social Care Operations	118.6	49.9	120.2	1.6
Adult Strategic Commissioning, Policy & Improvement	18.2	6.6	18.1	(0.1)
Central ASCH	1.9	0.6	1.8	(0.1)
Total ASCH	138.7	57.1	140.1	1.4

- 4.13** At period 4, the ASCH directorate has a forecast overspend of £1.4m (1.0%) against a budget of £138.7m.
- 4.14** The ASCH Directorate has challenging savings targets totalling circa £10m to deliver in 2023-24 on placements and care packages through demand management, commissioning and review of care packages.
- 4.15** Risks:
- Risks continue in the provider market from inflation including higher fuel, labour and property costs which may result in claims for increased fees and/or financial instability with the potential for 'handing back' contracts. The potential reprovisioning costs if providers exit the market could be significant.
 - There is a risk that as the spend in the Equipment Service has increased by 4%, the pooled budget can potentially overspend as variables such as partner contributions, risk share agreements and winter pressures cannot be accurately forecast at this stage.

Adult Social Care Operations - Forecast overspend of £1.6m

- 4.16** Staffing across this division demonstrates a forecast underspend (broken down by area below) owing to periods of vacancy above the £1m MTFS 5% vacancy factor saving applied to staffing budgets in 2023-24. There is a national shortage of both social workers and occupational therapists and recruitment to many roles is proving challenging. The periods of vacancy are a barrier to achieving savings as staff are focused on statutory delivery rather than delivering transformation to improve performance, data management and reduce operational risks across the directorate.
- 4.17** Localities & LIFE have an underspend of (£1.6m) owing to a staffing (including agency spend) underspend of (£0.1m) and a net underspending on care costs (£1.5m).
- 4.18** Working Age Adults has an overspend of £4.1m. This comprises an overspend on care of £4.2m (owing to clients with increased care needs) which is partly mitigated by an underspend in staffing of (£0.1m). The overspend includes care package savings not yet evidenced of £1.5m (this has reduced from £1.9m at Period 3), against a challenging target of £5.3m. It should also be noted that this area was overspent by £2.3m in 2022-23. The directorate has committed to achieving further savings to offset the budget pressure.
- 4.19** Provider Services has a (£0.9m) forecast underspend on staffing owing to vacancies.
- 4.20** Mental health services have a forecast overspend of £0.1m owing to a £0.4m overspend on care packages partly mitigated by a (£0.3m) underspend on staffing.

The overspend on care is owing to increasing demand and costs, work is ongoing to bring this area to a balanced budget.

- 4.21** Safeguarding service has a (£0.1m) forecast underspend on staffing owing to vacancies across the division.

Adult Social Care Policy and Improvement – Forecast underspend of (£0.1m)

- 4.22** The Policy and Improvement division is forecasting an underspend of (£0.1m) owing to staffing vacancies.

Central ASCH – Forecast underspend of (£0.1m)

- 4.23** The underspend is a result of the delays in recruitment to fixed term and temporary positions to provide additional capacity to improve performance, data management and reduce operational risks across the directorate.

Assistant Chief Executive (ACE)

Division	Net Budget (£m)	Actuals to Date (£m)	Forecast (£m)	Forecast Variance (£m)
Policy, Programmes and Performance	6.2	1.6	5.9	(0.3)
Croydon Digital and Resident Access	31.9	8.0	31.7	(0.2)
Chief People Officer	3.5	1.1	3.5	-
Asylum Seekers and Homes for Ukraine	-	(6.2)	-	-
Central ACE	0.4	0.3	0.3	(0.1)
Total ACE (General Fund)	42.0	4.8	41.4	(0.6)
Public Health Grant Ringfenced Services	-	(1.5)	-	-

- 4.24** At period 4, the ACE directorate has a General Fund forecast underspend of £0.6m (1.4%) against a budget of £42.0m.

Policy, Programmes & Performance Division - £0.3m forecast underspend

- 4.25** Recruitment is continuing into the new staffing structure for the Policy, Programmes and Performance Division. The forecast underspend is owing to periods of vacancy of some posts in the new structure.

Croydon Digital and Resident Access Division - £0.2m forecast underspend

- 4.26** Underspends in Concessionary Travel are forecast owing to staff vacancies and a favourable final concessionary travel settlement for the year.

- 4.27** The Digital and Resident Access Division is undergoing a review to assess the achievability of in-year MTFs savings for staffing and IT contracts.

Chief People Officer Division — breakeven position

- 4.28 There is a breakeven forecast against budget for the Chief People Officer Division.

Asylum Seekers and Homes for Ukraine funding – breakeven position after movement in reserves

- 4.29 The Council has received Asylum Dispersal Scheme grant funding in 2023-24 of £0.9m. The unspent grant of £0.3m in 2022-23 has been carried forward to fund ongoing expenditure in 2023-24.

- 4.30 The Council carried forward unspent grant under the Homes for Ukraine scheme of £5.5m, of which £1.3m is ringfenced for educational purposes. This will be used to fund ongoing expenditure in 2023-24 and beyond.

Central Assistant Chief Executive – £0.1m forecast underspend

- 4.31 Underspends owing to periods of staff vacancies and lower than expected running expenses.

Public Health Division – breakeven position in ringfenced grant after movement in reserves

- 4.32 It is currently forecast that Public Health will contribute £3.2m to ring fenced Public Health reserves at the end of 2023-24.

- 4.33 A Council wide task and finish group has been set up to address underspends in the Public Health Grant (for the current year and the accumulated balance on the balance sheet as an earmarked Public Health reserve from underspends in previous years) by identifying appropriate commissioning opportunities.

Children, Young People and Education (CYPE)

Division	Net Budget (£m)	Actuals to Date (£m)	Forecast (£m)	Forecast Variance (£m)
Children's Social Care	72.9	16.7	77.4	4.5
Unaccompanied Asylum Seeking Children (UASC) and Care Leavers	(0.7)	1.4	(0.6)	0.1
Quality, Commissioning and Performance Improvement	6.7	(1.0)	7.5	0.8
Non-DSG Education Services	16.8	3.7	16.8	-
Central CYPE	0.5	0.2	0.5	-
Total CYPE (General Fund)	96.2	21.0	101.6	5.4
Dedicated Schools Grant (DSG) High Needs Education Services	82.0	45.9	82.7	0.7

- 4.34 At period 4, the CYPE directorate has a General Fund forecast overspend of £5.4m (5.6%) against a budget of £96.2m.

Children's Social Care Division – forecast overspend of £4.6m (including UASC and UASC Care Leavers)

£2.2m placements overspend owing to seven high-cost placements; four Residential Education SEND (no contribution from Health), two Semi-Independent and one Secure). Analysis is being undertaken on a continuous basis to review these placements with the aim to reduce spend where possible. Three of these placements are new in 2023-24. To illustrate the variability in care package costs, one family recently housed in the borough by another local authority is forecast to cost over £1m in 2023-24.

£2.0m staffing overspend, which includes a pension budget shortfall of £0.8m since 2020-21. This was previously fully offset by underspends owing to vacancies and delays in recruitment however this cannot be accommodated in 2023-24.

£0.2m under-achievement in income (including £0.5m unachieved 2022-23 MTFS NHS Funding savings which have been partially offset through other income).

£0.1m potential overspend on Adopt London South, over and above the agreed budget owing to interagency fees and staffing costs across the consortium calculated at year end.

£0.1m overspend on Unaccompanied Asylum-Seeking Children (UASC) and Care Leavers owing to more young people turning 18 years old.

4.35 Risks:

- The Children's Social Care Division is monitoring placement and care package expenditure during the year. Pressure on placement spend is due to the sufficiency challenges both locally and nationally. The introduction of regulation for supported accommodation is predicted to increase charges as providers seek to pass on costs to Local Authorities. "Costs of new Ofsted regulation and inspection regime for semi-independent placement provision could be nine times higher than government funding, whilst one in five care beds could be withdrawn", report warns – London Innovation and Improvement Alliance (LIIA).
- The division is working with Public Health to produce service level agreements for services previously funded by the HRA, and these may result in a General Fund pressure of £0.8m.
- The division is also reviewing the housing accommodation charges from the Housing General Fund for Care Experienced Young People.

4.36 Opportunities:

- There could be some staffing underspends from periods of vacancy.
- Potential underspend of £0.3m in legal costs, if the lower numbers of care proceedings and UASC age assessment challenges continue.
- The CYPE directorate, alongside other directorates, is actively checking that grant funding including the Covid Outbreak Management Fund (COMF) are

allocated correctly against eligible expenditure and this could reduce the forecast overspend position.

Quality, Commissioning and Performance Improvement Division – forecast overspend of £0.8m

- 4.37** The division is forecasting a staffing overspend of £0.4m from the 5% vacancy factor MTFS saving of £0.3m applied to the 2023-24 budget (as several teams are fully staffed) plus the impact of increased quality assurance activity to track the impact of the pandemic on outcomes for children. The pressure may reduce during the year if there are periods of vacancy.

There is an anticipated Public Health contribution of £0.4m which never materialised. This relates to a 2022-23 MTFS saving and will be reviewed by the cross-Council Public Health funding task and finish group.

Non-DSG Education services – forecast breakeven

- 4.38** Non-DSG Education services are forecasting a breakeven position owing to an underspend from staffing vacancies which is offsetting income pressures (including £0.3m unachieved 2022-23 MTFS NHS Funding savings).

4.39 Risk

- The £0.3m unachieved income budget within the High Needs General Fund budget poses an indirect financial risk to the Safety Valve target should other activities or resources (EHCP Coordinators) required to deliver the Safety Valve target be reduced to offset the £0.3m potential shortfall. The service is exploring all mitigating options available.

Dedicated Schools Grant (DSG) High Needs education services – forecast overspend of £0.680m

- 4.40** The SEND High Needs forecast at Period 4 is an overspend of £0.680m against the budget of £82.059m. There is a £25k adverse movement from the Period 3 position due to inflationary uplifts from some of the out of borough providers. Please note that the DfE provided updated national allocations for the High Needs Block on 20 July 2023 which has reduced Croydon Council's allocation from £82.566m to £82.059m owing to a slightly higher proportion of pupils in academies.

- 4.41** The overall variance at Period 4 represents £0.045m favourable variance from the expected overspend of £0.725m submitted to the Department of Education (DfE) Safety Valve Team as part of the approved Deficit Recovery Plan. The service is delivering all of the savings strategies as set out in the Safety Valve (SV) agreement including the use of the High Needs Provision Capital Allocation (HNPCA) to help deliver more local schools places as well as improve existing provisions to meet the increasing placement demands for complex needs pupils. Following submission of our

2023-24 Quarter 1 monitoring report, the DfE have given the Safety Valve payment of £3.290m.

4.42 See below the key areas:

£2.199m Out of Borough and Independent – Forecast overspend due to an increase in complex cases above that expected, requiring out of borough placements to meet needs. The service is in discussions with some local providers to set up Enhanced Learning Provision during the Autumn Term.

£0.954m overspend due to increased placements in Mainstream Education provision exceeding the budgeted allocation. This forms part of the invest to save SEND strategy in year 2.

(£0.250m) underspend in Early Years provision.

(£0.250m) underspend in top up funding related to delayed implementation of the proposed expansion of Enhanced Learning Provision across a few schools.

(£0.953m) underspend in the Service Transformation budget set up to support the DSG Deficit Recovery strategy.

(£0.400m) underspend in funding related to staffing cost in therapies and support services owing to service re-alignment to maximise savings.

(£0.620m) expected clawback from specific Resource Provision (academies) for extra funding received from DfE.

4.43 Dedicated Schools Grant (DSG) High Needs education services will continue to closely monitor the demand pressures in Independent and Out of Borough placements owing to cost implications. Addington Valley Academy, St Nicholas, Coulsdon College Croydon, and Waddon Youth Disability Services are increasing placement numbers, which is reducing high-cost placements out of borough.

4.44 The 2023-24 period 4 High Needs forecast outturn variance of £0.680m leads to an overall DSG deficit projection of £16.064m at the end of 2023-24 compared to the Safety Valve target of £16.080m prior to the £3.290m Deficit Recovery payment received from the DfE as per the Safety Valve agreement. This demonstrates that the Council is ahead of the target.

4.45 Risks

- The service is monitoring all the risks associated with the Safety Valve target which includes increasing complexity of needs requiring additional funding for special schools and extra out of borough placements to meet the local needs of some CYP pupils with complex needs.

Housing

Division	Net Budget (£m)	Actuals to Date (£m)	Forecast (£m)	Forecast Variance (£m)
Resident Engagement and Allocations	21.5	12.7	21.5	-
Housing Estates and Improvement	0.1	1.1	0.1	-
Total Housing	21.6	12.8	21.6	-

4.46 At period 4, the Housing directorate has a General Fund forecast breakeven against the budget of £21.6m. Owing to the implementation of the new NEC IT system, no rental income is currently showing in the actuals for June or July.

Emergency Accommodation – breakeven forecast

4.47 Breakeven forecast at period 4. The number of households supported in homelessness accommodation have not increased significantly over the last year but as landlords are withdrawing accommodation from the temporary accommodation schemes more families are housed in the expensive nightly-paid bed & breakfast (B&B) and hotel accommodation.

4.48 A top-up to Homelessness Prevention Grant (HPG) of £1.9m has been announced by DLUHC to cover homelessness pressures related to Ukrainian refugees. This funding may also be used to fund wider homelessness pressures and reporting requirements are in line with the existing HPG requirements. The grant top-up would also help fund any potential detriment to income collection resulting in the bad debt provision being increased at year end.

4.49 Forecasting costs and income has been challenging due to the changeover to the NEC software package. Some reporting information is not yet available from the new NEC system such as the number of units of various types rented and associated costs. Therefore, purchase orders receipted to date are currently being used to forecast costs.

Temporary Accommodation – breakeven forecast

4.50 There is a potential financial risk from the fire at Sycamore House in Thornton Heath depending on the insurance claim settlement not yet finalised. This risk was considered in closing the 2022-23 accounts and so any difference in the estimated income of 70% of costs from the insurers will either be a charge or a benefit in the 2023-24 accounts.

4.51 Risks

4.51.1 Restructure

- There is currently a temporary structure within Housing, however a restructure is being carried out to strengthen the directorate.
- Pressures are expected to continue in 2023-24. The restructure for Housing Options is underway and will form the bedrock for process change

and a more cohesive journey for a homeless household. An immediate switch to better practice and dramatically reduced spend on homelessness cannot be expected within 2023-24 whilst significant change is underway, and the financial benefits are expected to be realised in the longer term.

4.51.2 Inflation

- The Housing Directorate continues to be impacted by the rapidly worsening housing market within London as private sector landlords are increasing rents or leaving the market, and tenants are struggling with cost-of-living pressures. The challenge for Croydon in dealing with such rapid inflation has multiple strands. There are forecasting difficulties in predicting how much prices are expected to move and at what pace. This is being addressed alongside a wholesale review of the forecasting process to ensure that reporting provides the full position on risk in 2023-24.
- There are difficulties in negotiating and approving price rises without losing properties or fuelling the rises further. Regular meetings with neighbouring boroughs are being held to ensure collective agreements are being made with the larger providers of emergency accommodation.

4.51.3 Reduced Supply

- There is also the issue of entering into 2 to 5 years lease deals with landlords as 39% nationally exited the market in 2022-23 and prices have dramatically increased as a result. In 2022-23 this meant a 10% increase in the use of nightly paid accommodation was seen. The strategy work currently underway in the directorate will seek to address this issue.
- There has been a concerted effort to hold homelessness accommodation costs down across London through partnerships with organisations like Capital Letters and via the agreed Pan-London temporary accommodation rates. The rates can no longer be contained though as demand outweighs available affordable supply. At a Pan London meeting, all boroughs confirmed that they are no longer paying the agreed Pan London rates to ensure they meet their demand challenges. A combination of all these factors has led to an increase in both the average cost of emergency and temporary accommodation that Croydon can secure to meet demand, as well as an increase in the use of nightly paid emergency accommodation to compensate for the loss of some longer-term leased accommodation because of landlords leaving the market.

4.51.4 Income Collection

- Income collection rates will need to be monitored closely in 2023-24. There may be a requirement to increase the loss allowance (bad debt provision) again in 2023-24 if income collection is not significantly improved. A new housing IT system (NEC) has been implemented in June

2023 which will improve monitoring and reporting when it is fully operational later in the year.

- Forecasting income has been challenging due to the changeover to the NEC system. A delay to the interfaces between NEC and the Oracle finance system has meant that no income has been posted to Oracle since 17 May from the new NEC system.

4.51.5 Temporary Accommodation Benefit Subsidy Loss

- There is a potential budget pressure, above the currently estimated £1.2m for 2023-24 which has been funded through the economic demand pressures budget transfer agreed in Period 3, in relation to housing benefit subsidies for the Guaranteed Rent Scheme for Care Experienced Young People. The pressure impacts the Housing Directorate as it forms part of the cost of temporary accommodation. The housing benefit subsidy pressure will be monitored throughout the year and mitigated where possible.
- There is a temporary accommodation cost owing to the £40/week/unit management fee for TA which is paid through Housing Benefit but not recoverable through subsidy from DWP. This forecast cost of £2.4m is covered corporately in 2023-24.

Resources

Division	Net Budget (£m)	Actuals to Date (£m)	Forecast (£m)	Forecast Variance (£m)
Commercial Investment	18.6	4.0	16.3	(2.3)
Finance (<i>refer note 1</i>)	15.7	47.5	15.7	-
Legal Services and Monitoring Officer	2.3	1.4	2.4	0.1
Insurance, Anti-Fraud and Risk	0.6	2.4	0.6	-
Internal Audit Service	0.4	0.3	0.5	0.1
Pensions and Treasury	0.3	0.5	0.3	-
Central Resources	(2.7)	0.1	(2.7)	-
Total Resources	35.2	56.2	33.1	(2.1)

Note 1: The actuals to date are high in the Finance Division owing to Housing Benefits expenditure which will be reimbursed through DWP funding.

- 4.52** At period 4, the Resources directorate has a General Fund forecast underspend of £2.1m (6.0%) against a budget of £35.2m.

Commercial Investment Division – £2.3m forecast underspend

- 4.53** The division is forecasting a £2.3m underspend owing to decreased utilities costs and improved recharging to external bodies. There are also £0.6m of staffing underspends

across the division, mainly in Facilities Management due to periods of staffing vacancy, which are being offset by a forecast decrease in recharges to capital.

Finance Division – breakeven forecast position

- 4.54** There is a breakeven forecast position for the Finance Division. The Payments, Revenues, Benefits and Debt Service is forecasting a staffing underspend owing to staffing vacancies and increased court costs income, but these are being offset by decreased Land Charges income and temporarily increased agency staffing in strategic finance to work through historic accounting issues including the prior years' accounts.
- 4.55** A cross Council working group is currently operating to mitigate Housing Benefit subsidy risks by maximising Housing Benefit (HB) subsidy income claims, increasing collection of HB overpayments and reducing costs. The actuals to date are high in the Division owing to Housing Benefits expenditure which will be reimbursed through DWP funding.
- 4.56** The Finance Division will undergo a restructure of the strategic finance service in 2023-24 and then commence recruitment into roles which are currently covered by agency staffing. The capacity and skills levels required in the strategic finance service have been reviewed and extra funding from growth and/or reserves has been requested for 2024-25.

Legal Services and Monitoring Officer Division – £0.1m forecast overspend

- 4.57** There is a £0.1m forecast underspend in the Monitoring Officer service owing to staff vacancies and an underspend against the members allowances budget.
- 4.58** There is a forecast overspend in Legal Services of £0.2m mainly owing to high levels of agency staffing.
- 4.59** The Legal Services and Monitoring Officer Division is reviewing usage of external legal advice, with a view to increase the inhouse staffing structure (moving budget from external legal expenditure in directorates) to provide more legal services internally and therefore reduce overall legal expenditure for the Council.

Other Service Areas and Central Resources - £0.1m forecast overspend

- 4.60** There is a £0.1m forecast overspend in Internal Audit expenditure. Within Insurance, Anti-Fraud and Risk a forecast overspend on insurance claims is being offset by a forecast staffing underspend due to periods of staffing vacancy.

Sustainable Communities, Regeneration & Economic Recovery (SCRER)

Division	Net Budget (£m)	Actuals to Date (£m)	Forecast (£m)	Forecast Variance (£m)
Sustainable Communities	54.1	16.5	54.2	0.1
Culture and Community Safety	8.6	1.5	7.9	(0.7)
Planning & Sustainable Regeneration	6.7	1.2	7.3	0.6
Central SCRER	-	(1.0)	-	-
Total SCRER	69.4	18.2	69.4	-

4.61 At period 4, the SCRER directorate has a General Fund forecast breakeven position against a budget of £69.4m. The main potential risk areas relate to income in the areas of parking, parking enforcement, moving traffic offence and planning.

Sustainable Communities Division - forecast overspend of £0.1m

4.62 There is a forecast £1.9m under-achievement in parking, parking enforcement and moving traffic offence income. This is being offset through a forecast underspend of £1.3m in staffing owing to periods of vacancy and a £0.5m forecast underspend in waste services owing to reduced level of domestic waste.

4.63 Risks

- Demand for parking services has not returned to pre-pandemic levels and this is affecting all areas of parking which includes Automated Number Plate Recognition (ANPR), pay and display and on-street parking.
- Parking Services have had delays in connection with the roll out of new ANPR cameras which affect the income levels within the service.
- The Environment Act 2021 operates as the UK's new framework of environmental protection. Given that the UK has left the EU, new laws that relate to nature protection, water quality, clean air, as well as additional environmental protections that originally came from Brussels, needed to be established. The Act is a vehicle for a number of Department for Environment, Food and Rural Affairs' (Defra) different environmental policies and sets out the legal framework for significant reforms to local authority waste and recycling services, as well as creating new statutory duties for local authorities on nature recovery. The government has stated that additional burdens funding will be provided to local authorities for the new requirements as they come into force, however the Council will need to monitor closely the extra costs involved.
- Waste services are demand led which represents a potential risk to the current forecast underspend. Levels of tonnage are monitored on a monthly basis and the forecast will be updated throughout the year.

- There is a pressure on the Street Lighting PFI contract due to an increase in the energy unit cost caused by wider inflationary pressures upon energy prices.
- There is a potential risk to new Roads and Street Works Act income owing to delays and disputes with utility companies. Further work is being undertaken to quantify these risks and where possible mitigate the effect.

Culture and Community Safety Division – forecast underspend of £0.7m

- 4.64** The division is forecasting an underspend of £0.7m due to reduced costs on utilities in contracts (£0.6m) and periods of staffing vacancy (£0.1m).
- 4.65** The Culture and Community Safety Division leads on the London Borough of Culture 2023 activities, funded through external funding sources. This is a year-long celebration of Croydon’s unique identity, diverse communities and rich heritage, culture and creativity. The programme for “This is Croydon” showcases Croydon to the world. It includes major events with international headliners performing alongside emerging home-grown talent, plus hundreds of cultural activities from our communities.

Planning and Sustainable Regeneration Division – forecast overspend of £0.6m

- 4.66** The division is forecasting an income under-achievement of £0.6m owing to lower activity levels to date in planning major applications and planning performance agreements.

Corporate Items and Funding

Area of Spend	Net Budget (£m)	Actuals to Date (£m)	Forecast (£m)	Forecast Variance (£m)
Inflation and Economic Demand Pressures	14.2	-	14.2	-
Risk Contingency Budget	5.0	-	0.9	(4.1)
Transformation Programme	10.0	-	10.0	-
Other corporate items	(91.4)	(6.1)	(91.4)	-
Total Corporate items and Funding	(62.2)	(6.1)	(66.3)	(4.1)

- 4.67** At period 4, the Corporate directorate has a General Fund forecast underspend of £4.1m (6.6%) against a net budget of (£62.2m). The underspend relates to the risk contingency budget which is offsetting the pressures across the service areas.
- 4.68** The corporate area holds funding streams such as Council Tax, retained share of Business Rates and Core Grants. The corporate budget also holds the Council-wide risk contingency budget (£5m) and the budgets for borrowing and interest received.
- 4.69** The corporate area funds redundancy, severance and pension strain costs which contribute to achieving General Fund MTFs savings. There may be a pressure in 2023-24 from this area of costs owing to the implementation of staffing savings.

- 4.70** The NJC national negotiations on the 2023-24 pay award for staff are ongoing and the resulting required budget allocation may create a pressure above the central allowance of £10.4m.
- 4.71** There is budget of £3.8m still held centrally for the potential impact of economic demand pressures on Croydon after the allocation of £1.7m budget agreed in Period 3 for Housing Benefit subsidy pressures.
- 4.72** The corporate area also holds the 2023-24 Transformation budget of £10m, which will fund work carried out in directorates and cross-Council to achieve MTFs savings and improve services for local residents and businesses. The Transformation budget reduces to £5m from 2024-25.
- 4.73** There is £7.3m budget held in Corporate for adjustments to correct General Fund recharge budgets for recharges to the HRA, Public Health, capitalisation of salaries and corporate support (overhead) recharges. This budget will be allocated during 2023-24 as the service level agreements (SLA's) are finalised for HRA and Public Health recharges, and when the review of salary capitalisation and corporate support recharges is finalised.
- 4.74** There is borrowing cost uncertainty from interest rates (with the Bank of England currently continuing to increase the base rate) and the timing of capital receipts from asset disposals (assumed in the MTFs at circa £50m per annum).
- 4.75** There is a funding risk in the Collection Fund if cost of living pressures impact the collection of Council Tax and Business Rates income. The impact of the Council Tax increase is partially mitigated through the Council Tax Hardship Fund (supporting low income households that cannot afford to pay their full increase in Council Tax).

Transformation Programme

- 4.76** The Transformation Programme has £14m of resources allocated to it. Through this report, it has been requested in the capital section to remove the capital funding for transformation (which was slipped from 2022-23 and now not required for capital purposes) and to approve the allocation of £4.000m earmarked reserves funding for transformation expenditure to replace the capital funding. The identified reserves funding is from within non-ringfenced General Fund reserves and does not impact the General Fund balances of £27.5m.
- 4.77** In total there is currently £9.4m of the Transformation Programme budget allocated with £4.6m unallocated to date. The Transformation Programme will provide a return on investment through service improvement benefits and the identification and delivery of savings for the medium term financial strategy, providing a significant level of savings towards the £20m per annum savings required from 2025-26 onwards.

Transformation Programme Allocations

Project	2023-24 Draft Budget Allocation (£m)
Transformation Revenue Budget	10.000
Transformation Reserve Funding	4.000
Total Transformation Funding	14.000
Approach to Strategic Planning and Commissioning	0.290
Parking Policy Review	0.200
Community Hubs Programme	0.250
HR Transformation	0.078
Digital & Resident Access Review/Digital Workforce	0.080
SEND Review	0.240
Passenger/SEND Transport Transformation	0.100
Family Justice Service Review	0.100
S117 Project	0.178
Joint Funding Arrangements	0.110
Sustaining Demand at the Front Door	0.190
Fostering Transformation	0.286
Corporate Parenting Transformation	0.457
Dynamic Purchasing System	0.092
Callydown Transformation	0.134
Income & Debt Review	0.050
Outcomes Based Domiciliary Care Model	0.110
Transition Commissioning Care Model	0.082
Croydon Campus	0.250
Customer Access Review	0.200
Building Control Transformation	0.450
Planning & CIL Transformation	0.300
CALAT	0.050
Housing Needs Restructure	0.060
Temporary Accommodation Case Review	0.291
Housing Occupancy Checks	0.291
Rent Accounts and Data Cleanse	0.026
Housing Association Recharges	0.059
Supported Housing Review	0.080
Adult Social Care Transformation	1.100
Review of Social Care Placements	0.461
Reablement & Hospital Discharge	0.060
Strategic Operating Model Design Partner for Adult Social Care and Health	1.134
Housing Benefit Subsidy SEA & EA/TA	0.000
PFI Contract Manager	0.000
VCS Review	0.000
Asset Rationalisation	0.000
Business Intelligence Review	0.000
Commercial & Income Opportunities	0.000
Community Equipment Service	0.040
Croydon Museum	0.270
Oracle Improvement Programme	0.175
Transformation PMO	1.100
Total Revenue Budget and Reserves Allocated to Date	9.424
Unallocated To Date	4.576

4.78 The Transformation Programme published in November 2022 set out £5.9m of project commitments with recognition that further sums were still to be confirmed. Please note that project plans are under development and following review of these project plans the draft budget allocations to projects as listed above could change through the year.

4.79 The Transformation Board has agreed additional project allocations totalling £2.99m through to July 2023 and these are set out in the table below.

Project Allocations	£m
Fostering transformation	0.194
Sustaining demand at the front door	0.080
Callydown transformation	0.134
Review of Social Care Placements	0.456
CALAT (New)	0.050
Strategic operating model design partner	0.500
Strategic operating model design partner – project team	0.634
Corporate Parenting Transformation (New)	0.457
Community Equipment Service	0.040
Museum Transformation	0.270
Oracle Cloud Improvement (New)	0.175
Total of Allocations	2.990

4.80 The ‘Review of Social Care Placements’ project has secured £600,000 alternative funding from the Market Sustainability Grant thereby reducing the funding required from the Transformation budget. The revenue budget also funds the costs of the transformation Programme Management Office currently estimated at £1.1m.

Savings

4.81 The 2023-24 budgets include a challenging new savings target of £33.1m. Progress in achieving savings is being monitored throughout the year. Directorates are identifying any risks to achievement of individual savings and making plans to mitigate these risks where possible or identify alternative savings as required.

Table showing 2023-24 forecast savings achievement by directorate

Directorate	2023-24					
	Savings target £'000	Slippage from previous year £'000	Revised Savings target £'000	Forecast savings achievable £'000	Savings slippage £'000	Not yet evidenced or (over delivery) £'000
Adult Social Care & Health	12,243	-	12,243	10,790	-	1,453
Assistant Chief Executive	2,924	-	2,924	1,771	1,153	-
Children, Young People & Education	6,920	490	7,410	5,130	18	2,262
Housing	2,305	-	2,305	1,309	1,099	(103)
Resources	6,347	-	6,347	6,347	-	-
Sustainable Communities (SCRER)	1,859	2,490	4,349	4,124	225	-
Cross-Directorate / Corporate	500	-	500	500	-	-
Total	33,098	2,980	36,078	29,971	2,495	3,612

Reserves

4.82 There are no budgeted contributions to, or drawdowns from, the General Fund balances of £27.5m in 2023-24. The current breakeven forecast for 2023-24 maintains this reserve.

General Fund Balances	Forecast (£m)
Balance at 1 April 2023	27.5
Forecast Contribution to/(Drawdown from) Reserves	-
Forecast Balance at 31 March 2024	27.5

4.83 The General Fund balances serve as a cushion should any overspend materialise by the end of 2023-24. The use of reserves to support the budget is not a permanent solution and reserves must be replenished back to a prudent level in subsequent years if used.

Unresolved Issues

4.84 The Council's overall financial position is still subject to a number of unresolved historic legacy issues. The latest position on these was set out in the 22 February 2023 Cabinet report titled 'Revenue Budget and Council Tax Levels 2023-24' which incorporated the findings of the 'Opening the Books' review undertaken in 2022-23. The report stated that a request has also been made of government to provide the Council with a Capitalisation Direction of £161.6m to cover the historic finance issues that have been revealed through the 'Opening the Books' programme.

- 4.85** The Council needs to correct a range of misstatements in its legacy accounts from 2019-20 which are currently still not fully closed. This was more than the £74.6m previously identified in the MTFS Update report to Cabinet in November 2022.
- 4.86** The Council's Provision for Bad Debt was found to be understated by £46m rather than the £20m previously assumed and a prudent decision was made to include the potential £70m gap in the accounts caused by incorrect accounting for Croydon Affordable Homes and Tenures, instead of the £9m previously assumed.
- 4.87** With four years of accounts still open, there remains a risk that further legacy issues will be uncovered. The Capital Programme for 2022-23 included the £161.6m Capitalisation Direction requested, which was in addition to the £25m capitalisation direction previously approved.

Housing Revenue Account (HRA)

- 4.88** At period 4, the Housing Revenue Account (HRA) has a forecast overspend of £3.8m. Work is underway on a deep dive of the repairs forecast following the implementation of the NEC IT system, and the forecast overspend is likely to increase as we deliver increased repairs and maintenance activity.

Repairs

The Period 4 position of £3.8m overspend on disrepair costs including void and repair costs, legal fees and settlement costs remains as per the prior period.

Although the new NEC IT system went live in June 2023 it is not yet possible to generate reporting from it that would better inform the forecast spend on repairs. Work is ongoing to prioritise the NEC ability to interface with our financial systems so that a more accurate full year forecasting can be generated.

Tenancy and Income

A breakeven forecast at period 4 has been set based on a financial forecast. The NEC reporting functionality is not yet available to report on actuals to date.

Staffing and other

A breakeven forecast at period 4 has been set and reflects additional budget was allocated in 2023-24 to meet known pressures.

Table showing the 2023-24 HRA forecast

Description	Net Budget (£m)	Actuals to Date (£m)	Forecast (£m)	Forecast Variance (£m)
Rental Income	(82.1)	(12.1)	(82.1)	-
Service Charge Income	(4.6)	(0.7)	(4.6)	-
Other Income	(9.4)	1.0	(9.4)	-
Subtotal Income	(96.1)	(11.8)	(96.1)	-
Centralised Directorate expenditure	52.2	(0.9)	52.2	-
Responsive Repairs & Safety	20.4	4.6	24.2	3.8
Asset Planning	1.6	0.1	1.6	-
Capital Delivery (Homes & Schools)	1.5	0.1	1.5	-
Tenancy & Resident Engagement	10.3	4.6	10.3	-
Homelessness & Assessments	3.4	0.4	3.4	-
Service development and income	6.7	-	6.7	-
Subtotal Expenditure	96.1	8.9	99.9	3.8
Total HRA Net Expenditure	-	(2.9)	3.8	3.8

4.89 The main risks within the Housing Revenue Account are:

- Repairs and maintenance:
 - pressures from the exit of the current Axis repairs contract, ending in August 2023.
 - extra expenditure to deal with the backlog of repairs and maintenance.
 - void and disrepair costs carried out by specialist contractors to reduce void losses and minimise future disrepair claims.
 - settlement of disrepair cases and related legal fees, including those relating to Regina Road.
- Tenancy and income:
 - the impact of cost-of-living pressures on rent collection (including a potential increase in bad debt cost).
 - loss of income owing to void (empty) residential properties.
 - loss of income owing to void garages.
- Recharge review:
 - General Fund services are producing service level agreements (SLA's) to evidence recharges of costs to the HRA, which could result in increased charges to the HRA.
- NEC system functionality delays:
 - Although the system has gone live in June 2023 there has not yet been feeds into the financial Oracle system. Therefore, the income & repairs forecasting could be understated and will not be known until actuals can be properly analysed.

Capital Programme and Financial Sustainability

- 4.90** The Capital strategy and programme was approved by Council in March 2023. This recognised the complex and challenging financial and operational circumstances in which the Council continues to operate. It showed a 2023-24 Capital Programme that is reduced in scale and cost compared to previous years. With circa £1.3bn of General Fund debt and an environment of rising interest rates, the delivery of an effective Asset Management Plan and an ambitious Asset Disposal Strategy, including reducing the number of buildings used by the Council, will be essential to mitigate rising cost pressures, reduce the overall debt burden and help the Council balance its books.
- 4.91** The strategy reflected the progress made to date by the Council to improve the governance and financial management of the Capital Programme following recommendations from the two Reports in the Public Interest (RIPI). The Council understands that the initial improvements put in place are the foundations of good practice and is focused on building upon these over the coming months and years.
- 4.92** Concerns were highlighted regarding value for money and investment decisions as the Council has incurred debt in investing in assets which have not retained their value and, therefore, the level of debt exceeds the value of the investment assets. In the three years between 2017-20 the Council borrowed £545m with no focused debt management plan in place. The majority of this debt comprises short-term borrowings which has left the Council exposed to current higher interest rates. The debt is anticipated to be refinanced from 2023 onwards and therefore likely to drive significant increases in annual repayment levels.
- 4.93** An estimated circa £66m is required to service this debt from the General Fund which represents around 19% of the Council's net budget. The Council's historic legacy borrowing and debt burden has, therefore, become critical to the sustainability of the Council's revenue budget.
- 4.94** The Council has concluded that the expenditure it is anticipated to incur in each year of the period of 2023-27 is likely to exceed the financial resources available and that reaching financial and operational sustainability without further government assistance will not be possible. The Council's 2023-24 budget required capitalisation directions from government of £63m to balance and the Medium Term Financial Strategy (MTFS) demonstrated an ongoing estimated budget gap of £38m per annum from 2024-25.
- 4.95** Dialogue with the Department for Levelling Up, Housing and Communities (DLUHC) continues, and the Council is seeking further financial support from Government in regards to its level of historic legacy indebtedness and balancing the budget to ensure it can deliver sustainable local government services. It must be noted that annual capitalisation directions (transferring revenue cost into capital cost which must be funded over 20 years) increases the Council's debt burden. Debt write-off is the Council's preferred option and, therefore, a request was made to DLUHC in January 2023 for government funding to write-off £540m of the Council's General Fund debt.

DLUHC has subsequently asked the Council to propose a wider range of options, and these are currently being worked on.

Capital Programme Budget Changes

4.96 The following General Fund capital budget adjustments are requested to be agreed by Cabinet:

Scheme	2023-24 budget increase / (decrease) £m	Comments
Growth Zone	4.599	Increase to apply increased slippage from 2022-23 following a deep dive into the financing of expenditure between TFL LIP and the Growth Zone reserve.
Highways	0.174	Increase to apply increased slippage from 2022-23 following a deep dive into expenditure.
Highways – bridges and structures	0.673	Increase owing to increased TFL funding.
Cycle Parking	(0.226)	Decrease owing to 2023-24 funding from TFL and Section 106 not confirmed to date.
Electric Vehicle Charging Points	(1.016)	Decrease owing to 2023-24 funding from TFL and Section 106 not confirmed to date.
Transformation Spend (Flexible Capital Receipts)	(3.868)	Removal of transformation expenditure capital budget (originally slipped from 2022-23 in the Period 2 report). This is no longer required in capital and the expenditure will be funded instead through reserves.
Total GF capital budget change	0.336m	

General Fund Capital Programme

4.97 At period 4, the General Fund capital programme has a forecast underspend of £13.9m against the revised budget (to be agreed by Cabinet) of £144.7m.

Table showing 2023-24 General Fund Capital Programme budget and forecast

General Fund Capital Scheme	2023-24 Revised Budget (to be agreed by Cabinet) (£000's)	2023-24 Actuals to Date (£000's)	2023-24 Forecast (£000's)	2023-24 Forecast Variance (£000's)
Bereavement Services	127	(45)	127	-
My Resources Interface Enhancement	252	-	252	-
ICT	-	1	-	-
Network Refresh	348	11	348	-
Tech Refresh	132	247	864	732
Geographical Information Systems	312	-	312	-
Laptop Refresh	3,371	-	3,371	-
Cloud and DR	331	26	331	-
People ICT	-	3	-	-
Synergy Education System	1,045	4	789	(256)
NEC Housing System	2,725	(19)	2,097	(628)
Uniform ICT Upgrade	56	-	56	-
Subtotal Assistant Chief Executive	8,699	228	8,547	(152)
Education – Fire Safety Works	924	4	450	(474)
Education - Fixed Term Expansions	2,865	147	325	(2,540)
Education - Major Maintenance	5,866	1,282	3,321	(2,545)
Education - Miscellaneous	100	119	100	-
Education - Permanent Expansion	297	-	297	-
Education - SEN	6,289	330	6,289	-
Angel Lodge Children Home	329	-	329	-
Subtotal CYPE	16,670	1,882	11,111	(5,559)
Disabled Facilities Grant	4,710	424	3,000	(1,710)
Empty Homes Grants	400	8	300	(100)
Subtotal Housing	5,110	432	3,300	(1,810)
Asset Strategy - Stubbs Mead	500	-	500	-
Asset Strategy Programme	240	-	240	-
Clocktower Chillers	382	-	382	-
Corporate Property Maintenance Programme	2,780	659	2,780	-
Fairfield Halls - Council	625	3	625	-
Former New Addington Leisure Centre	600	-	600	-
Fieldway Cluster (Timebridge Community Centre)	248	-	248	-
Contingency	1,000	-	1,000	-
Subtotal Resources	6,375	662	6,375	-
Allotments	-	(14)	-	-

General Fund Capital Scheme	2023-24 Revised Budget (to be agreed by Cabinet) (£000's)	2023-24 Actuals to Date (£000's)	2023-24 Forecast (£000's)	2023-24 Forecast Variance (£000's)
Growth Zone	15,844	7	15,844	-
Grounds Maintenance Insourced Equipment	1,200	-	1,200	-
Highways	8,260	2,025	8,260	-
Highways - flood water management	404	141	404	-
Highways - bridges and highways structures	1,641	577	1,641	-
Highways - Tree works	50	26	50	-
Local Authority Tree Fund	83	50	83	-
Trees Sponsorship	42	10	42	-
Leisure centres equipment Contractual Agreement	139	(410)	139	-
Tennis Court Upgrade	75	-	75	-
Leisure Equipment Upgrade	148	-	148	-
Libraries Investment - General	1,031	1	224	(807)
Central Library Digital Discovery Zone	175	-	-	(175)
New Investment to South Norwood Library	520	-	520	-
Parking	1,843	(972)	1,843	-
Cashless Pay & Display	1,463	-	485	(978)
Play Equipment	17	49	49	32
Safety - digital upgrade of CCTV	1,540	(11)	1,540	-
Highways Road Markings/Signs (Refresh)	137	-	137	-
South Norwood Good Growth	773	9	747	(26)
Kenley Good Growth	394	(147)	394	-
Sustainability Programme	1,100	-	300	(800)
TFL - LIP	4,568	282	1,100	(3,468)
Cycle Parking	106	-	-	(106)
Electric Vehicle Charging Point (EVCP)	3	-	-	(3)
Park Asset Management	700	-	700	-
Waste and Recycling Investment	2,558	-	2,558	-
Subtotal SCRER	44,814	1,623	38,483	(6,331)
Capitalisation Direction	63,000	-	63,000	-
Subtotal Corporate Items and Funding	63,000	-	63,000	-
Total General Fund Capital	144,668	4,827	130,816	(13,852)

Table showing General Fund Capital Programme Financing

General Fund Capital Financing	2023-24 Revised Budget (to be agreed by Cabinet) (£000's)	2023-24 Forecast (£000's)	2023-24 Forecast Variance (£000's)
Community Infrastructure Levy (CIL)	6,600	6,600	-
CIL Local Meaningful Proportion (LMP)	3,084	1,477	(1,607)
Section 106	1,190	233	(957)
Grants & Other Contributions	25,430	16,265	(9,165)
Growth Zone	15,844	15,844	-
HRA Contributions	1,772	1,363	(409)
Capital Receipts	45,000	45,000	-
Borrowing	45,749	44,034	(1,714)
Total GF Capital Financing	144,668	130,816	(13,852)

- 4.98** The extra forecast cost of play equipment of £32k will be funded through the application of Section 106 funding.

HRA Capital Programme

- 4.99** At period 4, the HRA capital programme has a forecast overspend of £4.1m (12%) against the revised budget of £33.248m. This is owing to increased repairs and improvements activity to reduce the backlog of repairs.

Table showing 2023-24 HRA Capital Programme budget and forecast

HRA Capital Scheme	2023-24 Revised Budget (£000's)	2023-24 Actuals to Date (£000's)	2023-24 Forecast (£000's)	2023-24 Forecast Variance (£000's)
Major Repairs and Improvements Programme	31,476	3,221	35,549	4,073
NEC Housing System	1,772	-	1,772	-
Total HRA Capital	33,248	3,221	37,321	4,073

HRA Capital Programme Financing

HRA Capital Financing	2023-24 Proposed Revised Budget	2023-24 Forecast	2023-24 Forecast Variance
	(£000's)	(£000's)	(£000's)
MRR	16,082	16,082	-
Revenue	13,900	13,900	-
Reserves	1,148	5,221	4,073
Right To Buy (RTB) Receipts	2,118	2,118	-
Total HRA Capital Financing	33,248	37,321	4,073

4.100 It is currently assumed that the forecast overspend in the Major Repairs and Improvements Programme will be financed through HRA reserves, however the source of HRA financing is still to be finalised.

5 ALTERNATIVE OPTIONS CONSIDERED

5.1 None.

6 CONSULTATION

6.1 None.

7. CONTRIBUTION TO COUNCIL PRIORITIES

7.1 The monthly financial performance report supports the Mayor's Business Plan 2022-2026 objective one "The council balances its books, listens to residents and delivers good sustainable services".

8. IMPLICATIONS

8.1 FINANCIAL IMPLICATIONS

8.1.1 Finance comments have been provided throughout this report.

8.1.2 The Council continues to operate with internal spending controls to ensure that tight financial control and assurance oversight are maintained. A new financial management culture is being implemented across the organisation through increased communication on financial issues and training for budget managers.

8.1.3 The Council currently has a General Fund Balances Reserve of £27.5m which serves as a cushion should any overspend materialise by the end of 2023-24. The use of the General Fund Balances Reserve to support the budget is not a

permanent solution and these reserves must be replenished back to a prudent level in subsequent years if used.

- 8.1.4** The Transformation Programme has £14m of resources allocated to it, including £10m base budget. Through this report, it has been requested in the capital section to remove the capital funding for transformation (which was slipped from 2022-23 and now not required for capital purposes) and to approve the allocation of £4.000m reserves funding for transformation expenditure to replace the capital funding. The identified reserves funding is from within non-ringfenced General Fund reserves and does not impact the General Fund Balances Reserve of £27.5m. The Transformation Programme is still at the £14m funding agreed.
- 8.1.5** Paragraph 2.5 of the Financial Regulations states “Slippage of Capital schemes should be identified as soon as possible during the financial year and reported to Cabinet as part of the financial monitoring cabinet report. At the end of each financial year slippage will be approved by the Chief Financial Officer and reported to Cabinet for approval as part of the July financial review report.”
- 8.1.6** The Council’s historic legacy borrowing and debt burden continues to be critical to the sustainability of the Council’s revenue budget. Dialogue with the Department for Levelling Up, Housing and Communities (DLUHC) continues, and the Council is seeking further financial support from Government regarding its level of indebtedness and balancing the budget to ensure it can deliver sustainable local government services.

Comments approved by Allister Bannin, Director of Finance (Deputy s151 Officer).

8.2 LEGAL IMPLICATIONS

- 8.2.1** The Council is under a statutory duty to ensure that it maintains a balanced budget and to take any remedial action as required in year.
- 8.2.2** Section 28 of the Local Government Act 2003 provides that the Council is under a statutory duty to periodically conduct a budget monitoring exercise of its expenditure and income against the budget calculations during the financial year. If the monitoring establishes that the budgetary situation has deteriorated, the Council must take such remedial action as it considers necessary to deal with any projected overspends. This could include action to reduce spending, income generation or other measures to bring budget pressures under control for the rest of the year. The Council must act reasonably and in accordance with its statutory duties and responsibilities when taking the necessary action to reduce the overspend.
- 8.2.3** In addition, the Council is required by section 151 of the Local Government Act 1972 to make arrangements for the proper administration of its financial affairs. The Council’s Chief Finance Officer has established financial procedures to ensure

the Council's proper financial administration. These include procedures for budgetary control. It is consistent with these arrangements for Cabinet to receive information about the revenue and capital budgets as set out in this report.

- 8.2.4** The monitoring of financial information is also a significant contributor to meeting the Council's Best Value legal duty. The Council as a best value authority "must make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness" (Section 3 Local Government Act (LGA) 1999). The Best Value Duty applies to all functions of the Council including delivering and setting a balanced budget, providing statutory services such as adult social care and children's services and securing value for money in all spending decisions.
- 8.2.5** The Council is the subject of Directions from the Secretary of State requiring the Council to, amongst others, improve on the management of its finances. This report serves to ensure the Council is effectively monitoring and managing its budgetary allocations in accordance with its Best Value Duty.
- 8.2.6** The Council's budget and policy framework procedure rules (Part 4C of the Constitution) provides that the Executive may only take decisions which are in line with the budgetary envelop approved by Full Council.

Comments approved by Stephen Lawrence-Orumwense, Director of Legal Services and Monitoring Officer, 27/09/23.

8.3 HUMAN RESOURCES IMPLICATIONS

- 8.3.1** There are no immediate workforce implications as a result of the content of this report, albeit there is potential for a number of the proposals to have an impact on staffing. Any mitigation on budget implications that may have direct effect on staffing will be managed in accordance with relevant human resources policies and where necessary consultation with recognised trade unions.
- 8.3.2** The Council is aware that many staff may also be impacted by the increase in cost of living. Many staff are also Croydon residents and may seek support from the Council including via the cost of living hub on the intranet. The Council offers support through the Employee Assistance Programme (EAP) and staff may seek help via and be signposted to the EAP, the Guardians' programme, and other appropriate sources of assistance and advice on the Council's intranet including the trade unions.

Comments approved by Dean Shoosmith, Chief People Officer, 12/9/2023.

8.4 EQUALITIES IMPLICATIONS

8.4.1 The Council has a statutory duty to comply with the public sector equality duty set out in section 149 of the Equality Act 2010. The Council must therefore have due regard to the need to:

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

8.4.2 In setting the Council's budget for 2023-2024, all savings proposals must complete an Equality Impact Assessment. As Officers deliver against the approved budget, including the savings within it, they will continue to monitor for any unanticipated equality impacts. If any impacts arise, officers will offer mitigation to minimise any unintended impact.

8.4.3 This report sets out a number of proposals that will change the services and provisions we provide for residents across Croydon. These proposals are subject to further work decisions.

8.4.4 The Council must, therefore, ensure that we have considered any equality implications. The Council has an established Equality Impact Assessment [EqIA] process, with clear guidance, templates and training for managers to use whenever new policies or services changes are being considered. This approach ensures that proposals are checked in relation to the impact on people with protected characteristics under Equality Act 2010.

8.4.5 Assessing the impact of proposed changes to policies, procedures, services and organisational change is not just something the law requires; it is a positive opportunity for the council to ensure it makes better decisions, based on robust evidence.

8.4.6 Our approach is to ensure the equality impact assessments are data led, using user information, demographic data and forecasts, as well as service specific data and national evidence to fully understand the impact of each savings proposal. This enables the Council to have proper regard to its statutory equality duties.

8.4.7 We have a large number of vulnerable children and asylum seekers who are in need of our services. We have also been faced with the rise of costs of the provision of adult social care, which has been exasperated following the pandemic. Alongside this our residents are dealing with the increased cost of living. We have supported residents by providing mitigation for changes where possible and

signposting to other support organisations in the borough who can provide support. We will continue to seek mitigation during the equality analysis process where possible.

8.4.8 Our initial data suggests that residents across all equality characteristics may be affected by changes. National and local data highlights that this may have a greater impact on race, disabilities, sex, pregnancy and maternity and age. We will continue to assess the impact and strive to improve our evidence and data collection, to enable us to make informed decisions.

8.4.9 Where consultations take place, we will ensure that we make it accessible for all characteristics including those with disabilities including neurodiversity by ensuring that we adopt Disability standards in our consultation platform. Notwithstanding those residents who are digitally excluded. We will also consult using plain English to support our residents who do not have English as a first language.

8.4.10 With regard to potential staff redundancies, as a diverse borough we will undertake equality analysis and seek mitigation for staff by offering redeployment and employability support. We will also assess the impact of job losses on protected characteristics. We will also ensure that disabled staff are treated more favourably during restructure in that they will be required to meet the minimum standard prior to being offered an interview.

8.4.11 Research from existing EQIAs identifies that rising costs impact on some Disabled groups, communities from the Global Majority, African, Asian, African Caribbean households, young people, some people aged 15 – 64 and some people in the pregnancy/maternity characteristic. Research also indicates that there is an intersectional impact on young people from the Global Majority and both Disabled and Dual Heritage communities. Deprivation in borough is largely focused in the north and the east where the Global Majority of residents from the African, African Caribbean and Asian communities reside.

Comments approved by Naseer Ahmed for Equalities Programme Manager, 12/09/2023.

9. APPENDICES

9.1 None.

10. BACKGROUND DOCUMENTS

10.1 None.

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LONDON BOROUGH OF CROYDON

REPORT:	Scrutiny & Overview Committee	
DATE OF DECISION	24 October 2023	
REPORT TITLE:	2024-28 Medium Term Financial Strategy Update	
CORPORATE DIRECTOR	Jane West – Corporate Director for Resources & Section 151 Officer	
LEAD OFFICER:	Jane West – Corporate Director for Resources & Section 151 Officer	
LEAD MEMBER:	Councillor Jason Cummings – Cabinet Member for Finance	
AUTHORITY TO TAKE DECISION:	The attached report is due to be considered by the Mayor at the Cabinet on 25 October 2023. The report is provided for the Scrutiny & Overview Committee is part of its ongoing scrutiny of the Council's finances.	
CONTAINS EXEMPT INFORMATION? <i>(* See guidance)</i>	No	
WARDS AFFECTED:	All	

1. 2024-28 MEDIUM TERM FINANCIAL STRATEGY UPDATE

- 1.1. Attached at Appendix A to this cover report is a report scheduled to be considered by the Mayor at the Cabinet meeting on 25 October 2023. The appended report, sets out decisions for the Mayor related to the 2024-28 Medium Term Financial Strategy Update.
- 1.2. The report is presented to the Scrutiny & Overview Committee ahead of its consideration by the Mayor. By scheduling the report on the agenda, the Committee has the opportunity to review the content and provide feedback on the recommendations before the Mayor takes the final decision.

2. RECOMMENDATIONS

- 2.1. The Committee is asked to: -
 1. Review the information provided in the report on the 2024-28 Medium Term Financial Strategy Update, and

2. Decide whether there are any comments or recommendations on the scheme to bring to the attention of the Mayor during his consideration of the report.

CONTACT OFFICER:

Simon Trevaskis – Senior Democratic Services & Governance Officer – Scrutiny

Email: Simon.trevaskis@croydon.gov.uk

Appendix A: Cabinet Report – 2024-28 Medium Term Financial Strategy Update

LONDON BOROUGH OF CROYDON

REPORT:	CABINET
DATE OF DECISION	25 October 2023
REPORT TITLE:	2024-28 Medium Term Financial Strategy Update
CORPORATE DIRECTOR / DIRECTOR:	Jane West Corporate Director of Resources (Section 151 Officer)
LEAD OFFICER:	Jane West, Corporate Director of Resources
LEAD MEMBER:	Cllr Jason Cummings, Cabinet Member for Finance
KEY DECISION?	Yes
CONTAINS EXEMPT INFORMATION?	No
WARDS AFFECTED:	All

1. SUMMARY OF REPORT:

- 1.1 Budget Council approved the 2023-24 General Fund revenue budget on 8 March 2023. The forward financial forecast for 2024-25 to 2027-28 (2024-28) is now refreshed and an update given on the key budget assumptions. A budget deficit, before allowance for savings, efficiencies and any further government support, of £75m is forecast for 2024-25, increasing to £137m by 2027-28.
- 1.2 Croydon's finances, like those of the wider local government sector, are under strain from inflationary pressures and increasing demand for essential social care, housing and welfare services. An allowance of £17m is made within the updated 2024-25 forecast for inflationary pressures and £13m to meet demand and legacy budget pressures. Overall, by 2027-28, new inflation and growth pressures of £111m are modelled.
- 1.3 Croydon's financial challenge is compounded by significant, and independently well documented, local historic legacy (governance, financial, service delivery and structural) issues. Legacy budget corrections of £49m were made in 2023-24 following the launch of the Opening the Books exercise by the Executive Mayor in July 2022. This has more clearly established the Council's underlying financial position. Whilst there is still a risk that further historic legacy issues may emerge that will impact on future budgets this risk is diminishing. Legacy budget pressures of £0.8m are included within the updated 2024-25 MTFS forecast.
- 1.4 On 22 November 2022 the Council's Section 151 Officer issued Croydon's third Section 114 report to make it clear to all residents in Croydon and all Councillors that the Council

faced a financial situation of an extremely serious nature with significant estimated unfunded financial deficits forecast from 2023-24 onwards.

- 1.5 Subsequent discussions with central government regarding the 2023-24 budget included agreement that:
- The 2023-24 Referendum Cap for council tax increases be increased from 4.99% to 14.99% for Croydon. 8th March 2023 Budget Council subsequently approved the additional 10% increase which will result in the Council generating additional income of £21m in 2023-24. It also meant that Croydon had the largest council tax increase in the country. The Executive Mayor made clear that this was a one-off decision to increase above the national cap and he would not support doing so again should government propose a higher referendum cap for Croydon.
 - Extraordinary Financial Support in the form of additional borrowing was made available to the Council by government through the offer of a capitalisation direction of £63m for 2023-24.
 - A further capitalisation direction of £161.6m was also made available, for prior years, to cover the historic legacy finance issues that were revealed through the Opening the Books programme.
- 1.6 These measures, along with the Council agreeing to make savings of £36m in 2023-24, enabled Croydon to set a balanced budget for 2023-24. The Council is therefore currently not subject to the S114(3) report issued on 22 November 2022. The updated 2024-28 financial forecast confirms that extraordinary government support continues to be necessary unless a resolution to the high cost of servicing the Council's £1.6bn debt, is found. For financial modelling purposes this support is assumed to be provided through the further award of capitalisation directions of £38m per annum. The Executive Mayor should note that this is an assumption only at this stage and no formal approval has been requested by the Council nor granted by the government.
- 1.7 However, the Executive is extremely concerned that the continued use of capitalisation directions which is the Government's only solution at this stage for councils in financial distress, simply adds to the already prohibitive cost of funding the Council's debt burden and increases the budget problems the Council faces.
- 1.8 For 2024-25 the Council's net cost of borrowing is forecast to be £72.5m¹ – an increase of £14.5m on 2023-24 and amounting to 19% of core spending power. Each additional £38m borrowed regarding the future capitalisation directions will add an estimated £3m per annum to future borrowing costs. The Executive remains in positive dialogue with the Government on alternative forms of financial support, such as a debt reduction of £540m or equivalent revenue support that would deliver estimated revenue budget savings of £38m. This would enable the Council to set balanced budgets that do not rely on future government support and do not put additional and avoidable pressure on Croydon's taxpayers.

¹ This excludes the saving from the asset disposal programme.

- 1.9 In January 2021 the Secretary of State for DLUHC (MHCLG) appointed an Improvement and Assurance Panel (IAP) to advise, support and challenge the Council on a non-statutory basis to help deliver the Croydon Renewal Plan and address the well documented governance and financial failures across the Council. The Council's historic legacy of service failings, poor financial management, weak decision making and poor governance of major investments resulted in a budget which cannot be sustained without government support – this is directly due to the amount of debt and debt servicing costs.
- 1.10 This is demonstrated through the Government's own Office for Local Government (OFLOG) financial sustainability indicators² which were first published in July 2023. They show Croydon's outturn position for 2021-22 and demonstrate that Croydon's debt level, and debt servicing cost, is far higher than the median figure for both England and the Council's nearest statistical neighbours (the 15 London boroughs that CIPFA consider are most like Croydon).

Table 1 – OFLOG Financial Sustainability Data – 2021-22 Outturn

	Croydon	Nearest neighbour median	England median
Debt servicing costs as a percentage of core spending power	16.0%	9.0%	8.0%
Total debt as a percentage of core spending power	478.6%	275.6%	226.7%

- 1.11 Following the outcome of the Executive Mayor's Opening the Books programme, a further request for significant extraordinary financial support from the Government had to be made by this Council. As outlined above borrowing permission for £224.6 million was granted. This took the Council's overall extraordinary financial support to a total of £369.6 million.
- 1.12 So despite the progress made in delivering the Croydon Renewal Plan, the Secretary of State concluded in July 2023 that the Council was not meeting its best value duty. The IAP was moved onto a statutory footing with a power to intervene if they felt the Council was acting in a way not designed to meet its duty of best value. This power of intervention is a power of last resort, and the Council has not had any powers or functions removed from it. However, unlike other councils under intervention, the Secretary of State has not deemed it necessary to appoint Commissioners to Croydon Council.
- 1.13 A new requirement of an Exit Strategy for councils in intervention has been introduced by DLUHC. The IAP have led the development of the Croydon Exit strategy and have chosen to work with the Council in its production, reflecting the very close working relationship that

² The OFLOG data measures debt servicing costs and debt levels as a percentage of core spending power. Core spending power is a government calculated indicator that is published annually within the local government finance settlement. It indicates the core revenue funding available to a local authority, including council tax, locally retained business rates, adult social care grants and revenue support grant.

exists. The Exit Strategy will be published on the Council's website on Tuesday 17th October and will be reported to the 25th October Cabinet meeting. A crucial part of this exit strategy is the resolution of the Council's independent financial sustainability. Without this, the duty of best value cannot be met. It needs to be noted that ongoing capitalisation directions do not provide a financially sustainable solution to the Council's future budget.

- 1.14 A council tax increase of 4.99% (2.99% council tax and 2% adult social care precept) is modelled for 2024-25. This is the expected referendum limit for London Boroughs. The Council has a fiduciary duty to taxpayers and the Executive Mayor has given a commitment that Croydon will not increase future council tax levels above the referendum limits set for other London Boroughs. Decisions regarding council tax levels are reserved to Full Council as part of the budget setting Council meeting.
- 1.15 The updated financial forecast identifies proposed savings of £30.9m for 2024-25 which reduce the forecast 2024-25 budget deficit to £6.0m. Work will continue before Budget Council to develop further options that deliver a balanced budget.
- 1.16 A sensitivity analysis has been undertaken of the budget assumptions, and the financial forecast, with best and worst-case options modelled. These highlight the many potential financial variables that underpin the current forecast and risks (both positive and negative).
- 1.17 It is important that there is an opportunity for Croydon's residents, businesses partners, voluntary organisations and community sector and other interested parties to have their say and to feedback any concerns regarding the 2024-25 budget proposals. Arrangements are set out for the planned budget engagement process. The budget timetable is also set out.

2. RECOMMENDATIONS

For the reasons set out in the report, the Executive Mayor in Cabinet is recommended to:

- 2.1 Note the updated financial forecast and medium-term financial strategy assumptions set out in this report.
- 2.2 Note the positive dialogue with DLUHC to develop a further package of support in order to set a sustainable and balanced budget for the future years 2024-25 to 2027-28.
- 2.3 Approve a period of public engagement, as set out in Section 4, on the proposals for returning the Council to financial and operational sustainability including the savings and growth proposals set out in Appendices B and B1.
- 2.4 Note the outcome of the public engagement will be reported back to the Executive Mayor in Cabinet as part of the budget and council tax setting decision making.
- 2.5 Consider the outcome of the review of the Council Tax Support scheme at paragraphs 3.46 to 3.54 of this report.
- 2.6 To approve the recommendation to Full Council that the Council Tax Support scheme is

not changed from that agreed by Full Council resolution on 1st March 2023.

3. BACKGROUND

- 3.1 An update is provided on the future financial challenge for Croydon as it deals with:
- Inflationary pressures
 - An increase in demand for essential social care, housing, public health and welfare services
 - Independently well documented, local historic legacy (governance, financial, service delivery and structural) issues.
 - The prohibitive cost of servicing the Council's debt burden.
- 3.2 As detailed in the 2023-24 Budget Report, Croydon cannot resolve the extremely serious financial situation it faces without on-going government support. For the years beyond 2023-24, the 2023 MTFs assumed that capitalisation directions of £38m may be required to bridge the estimated annual budget gap. The Executive remains in dialogue with central government over the type, and level, of such future government support.
- 3.3 The Executive is seriously concerned that the use of capitalisation directions will hinder the Council's return to financial sustainability by continuously adding to the prohibitive cost of the Council's debt burden. The Council's net cost of borrowing (excluding any savings realised from the sale of assets) is currently modelled to reach £72.5m in 2024-25. This takes the proportion of the Council's core spending power spent on borrowing costs to 19% compared to the median figure for England of 8%.
- 3.4 The Opening the Books review launched by the Executive Mayor in 2022 identified significant additional historic financial accounting issues which needed to be set right. These adjustments required further capitalisation of £224.6m to resolve. Following the Opening the Books review, the primary challenge facing the Council is the scale of the £1.6bn of debt (£1.3bn General Fund and £0.3bn HRA) accrued prior to 2022, which the Council remains unable to service without significant external financial support. A significant proportion of the General Fund debt (circa £320m) is not backed by physical assets, it represents toxic, negative equity.
- 3.5 A further contributing factor to Croydon's significant general fund financial challenge is that it has become responsible for a range of new burdens, and services, which are not currently adequately funded. Some examples are set out in Appendix F.
- 3.6 The Executive's preferred option for future government support would be for a debt reduction of £540m or an equivalent level of revenue grant support to be provided. This would deliver estimated revenue budget savings of £38m p.a.

and enable the Council to set balanced budgets that do not rely on further government support. A debt reduction, or equivalent grant support, would recognise both the unique 'toxic' debt burden faced by Croydon but also the burdens it has taken on without sufficient funding capacity to service the debt.

- 3.7 Dialogue is ongoing with government regarding the level and type of future government support. For budget planning purposes, this report assumes that government support will be provided through the on-going use of capitalisation directions of £38m per annum. This replicates how central government has previously supported the Council, however this is not a sustainable solution and not a cost-effective use of Council taxpayers money. This level of support is lower than the £63m capitalisation direction agreed for 2023-24.
- 3.8 The discussions with government regarding the 2023-24 Budget included agreement that the Referendum Cap for council tax increases be raised from 5% to 15% for Croydon. Budget Council subsequently approved the additional 10% increase which will result in the Council generating additional income of £21m in 2023-24. It also meant that Croydon had the largest council tax increase in the country. The Council has a fiduciary duty to taxpayers and the Executive Mayor has given a commitment that Croydon will not increase future council tax levels above the referendum limits (currently expected to be 2.99% for council tax and 2% for the adult social care precept) set for other London Boroughs. Decisions regarding council tax levels are reserved to Full Council as part of the budget setting Council meeting.
- 3.9 The updated MTFS identifies a potential 2024-25 budget deficit, before allowance for savings and additional government support, of £75m. This increases to £137m by 2027-28. The current proposed savings for 2024-25 are £26.9m and are outlined in Appendix B. An additional £4m saving is modelled in borrowing costs from the asset disposal programme.
- 3.10 After allowance for the proposed savings the forecast 2024-25 budget deficit reduces to £44m. The current assumption is that even if a debt write off has not been achieved or an exceptional grant offered that the government will make a Capitalisation Direction available of £38m for 2024-25 leaving a gap of £6m for the Council still to find. Work is on-going to identify further opportunities that will enable the budget to be a balanced for 2024-25.

The 2024-28 Medium Term Financial Strategy

- 3.11 Despite the uncertainty regarding the level and type of future government support the Council is required to develop plans for its 2024-25 budget
- 3.12 The updated 2024-28 financial forecast is detailed in Appendix A. The forecast is for the next four years rather than, as previously, three years to enable a fuller consideration of the Council's medium-term position. The 2024-25

forecast is summarised in Table 2. After allowance for the potential savings of £30.9m, put forward in this report, the forecast 2024-25 deficit is £6m.

Table 2 – 2024-25 Financial Forecast

	£m
Directorate and Corporate Base Budget	376.3
Provision for pay and contract inflation	17.0
Demand pressures and legacy budget corrections (Appendix B)	12.7
Net cost of borrowing (this is the overall cost)	72.5
Saving in borrowing costs from 2022-23 asset disposals)	-4.0
Risk/contingency provision (unchanged from 2023-24)	5.0
Economic demand pressures contingency (£5m increase from 2023-24)	10.5
Transformation investment (reduction from £10m in 2023-24)	5.0
Set aside of the increase in adult social care grants	6.3
Gross Budget Requirement	501.3
Additional adult social care grants (includes 2023-24 funding of £3.7m)	-6.3
Core grant funding (Appendix C)	-42.7
Compensation grant for under indexing the business rates multiplier	-12.4
Net Budget Requirement	439.8
Financing	
Revenue Support Grant (Appendix C)	-17.6
Business rates income (including top-up grant) (Appendix D)	-85.2
Council tax (4.99% increase modelled)	-262.1
Total Financing	-364.9
Forecast Gross Budget Deficit before Savings	74.9
New savings from the asset disposal programme (2023-24 onwards)	-4.0
Proposed Savings (Appendix B)	-26.9
Forecast Net Budget Deficit	44.0
Extraordinary government support	-38.0
Forecast deficit after extraordinary government support	6.0

Budget Assumptions

3.13 The key budget assumptions that underpin the budget forecast are summarised below.

Expenditure

3.14 **Inflation.** There is considerable uncertainty around the medium-term outlook for inflation.

3.15 The latest projections provided by the August 2023 meeting of the Bank of England Monetary Policy Committee (MPC) show inflation, as measured by the Consumer Price Index (CPI), falling back sharply from 10.15% in December 2022 to around 5% at the end of 2023. In the medium-term CPI is projected to fall to 2% in 2025. The reduction is due to past increases in energy and other goods prices falling out of the calculation of the annual rate. As at July 2023 CPI stands at 6.8%. There is a risk that inflationary pressures will be more severe, and endure longer, than the current MPC forecast.

- 3.16 The 2023-24 Croydon budget includes a £32.9m provision for inflation:
- Catch-up inflation of £1.3m to fully fund 2022-23 pay and contract pressures.
 - An allowance of £11.2m for the 2023 pay award. This is consistent with the 2022 pay award and assumes a flat rate increase of £2,226 per full-time equivalent employee plus an increase in relevant national insurance and employer contributions. This equates to an approximate increase of 6.5% in current employee budgets. The current 2023-24 National Employers pay offer for local government is the same as for 2022-23. The Trade Unions have indicated that they will reject this offer and there is a risk that the final pay award could be higher. A higher award is not provided for within the 2023-24 budget.
 - An allowance of £20.4m for contract inflation. This was unchanged from 2022-23.
- 3.17 For 2024-25 the forecast budget allows for a lower inflation provision of £17m with a provision of £12m per annum thereafter. This assumes that inflationary pressures ease in line with the MPC forecasting, e.g., £17m could be seen to fund an estimated 3.5% pay inflation of £6m with £11m funding for non-pay inflation, and £12m could be seen to fund an estimated 2% pay inflation of £3.5m with £8.5m funding for non-pay inflation.
- 3.18 A £5.5m provision was also set aside within the 2023-24 budget in recognition of the potential impact of inflation and economic demand pressures on Croydon. Should the provision not be fully utilised in 2023-24 then the unallocated balance will be available to support the 2024-25 budget. An incremental provision of £5m is modelled for 2024-25 onwards in recognition of wider economic pressures.
- 3.19 **Demand pressures and legacy budget corrections** of £12.7m are currently modelled for 2024-25. These are detailed in Appendix B. The need for budget growth, and any potential use of alternative funding streams, will continue to be reviewed as part of the 2024-25 budget process.
- 3.20 The initial modelling for the 2024 MTFS included growth pressures, brought forward from 2023, of £7.9m. A review of these items, as part of the 2024 MTFS process, has reduced these pressures by £1.8m. The changes are:
- £1m regarding the deferral of highway maintenance works to 2025-26.
 - £0.8m regarding Adult Social Care project management costs. Funding for this will be considered as part of the transformation programme.
- 3.21 **New demand and demographic pressures** will continue to arise beyond 2024-25. For financial modelling purposes it is assumed that future demand and demographic pressures will be at a similar level as for the past 2 years with an overall allowance of £14m made for 2025-26 and subsequent years.

- 3.22 **New Adult Social Care Grants.** As part of the 2023-24 Local Government Finance Settlement the government confirmed that their planned reforms regarding the 'fair cost' of adult social care will be pushed back to 2025. The government funding that was set aside for this reform was released and is expected to reach £6.3m for Croydon in 2024/25 (£2.3m regarding the adult social care discharge fund and £4.0m regarding the market sustainability and improvement fund). Within the 2023-24 budget this funding is passported for use by adult social care usage and this continues to be the case for 2024-25. The forecast 2024-25 budget deficit will potentially reduce if some, or all, of the £6.3m can be offset against the currently modelled 2024-25 inflation and demand pressures.
- 3.23 **Savings** of £30.9m are currently proposed for 2024-25 and are summarised in Appendix B. These include incremental savings of £7.1m that were originally put forward within the 2023 budget process.
- 3.24 The budget proposals also include potential uplifts in forecast resources and additional savings from the asset disposal programme. As set out in Table 3 the Executive is proposing measures that close the gross 2024-25 budget gap by £33.9m.

Table 3 – Incremental Savings and Change Proposals

Directorate	2024-25 £'m	2025-26 £'m	2026-27 £'m	All Years £m
Adult Social Care and Health	5.0	4.0	4.0	13.0
Assistant Chief Executive	4.2	0.9	-	5.1
Children, Young People & Education	4.1	0.2	-	4.3
Housing	2.0	0.6	1.0	3.6
Resources	6.7	1.0	-	7.7
Sustainable Communities Regeneration & Economic Recovery	1.4	0.4	-	1.8
Corporate / Council wide	3.6	-	-	3.6
Savings	26.9	7.0	5.0	38.9
Additional debt financing savings from asset disposals (in addition to £4m in 2023-24)	4.0	4.0	4.0	12.0
Total savings including asset disposals	30.9	11.0	9.0	50.9
Funding adjustments to Council Tax and Business Rate forecasts	3.0	0.6	-	3.6
Total Savings and Change Proposals	33.9	11.6	9.0	54.5

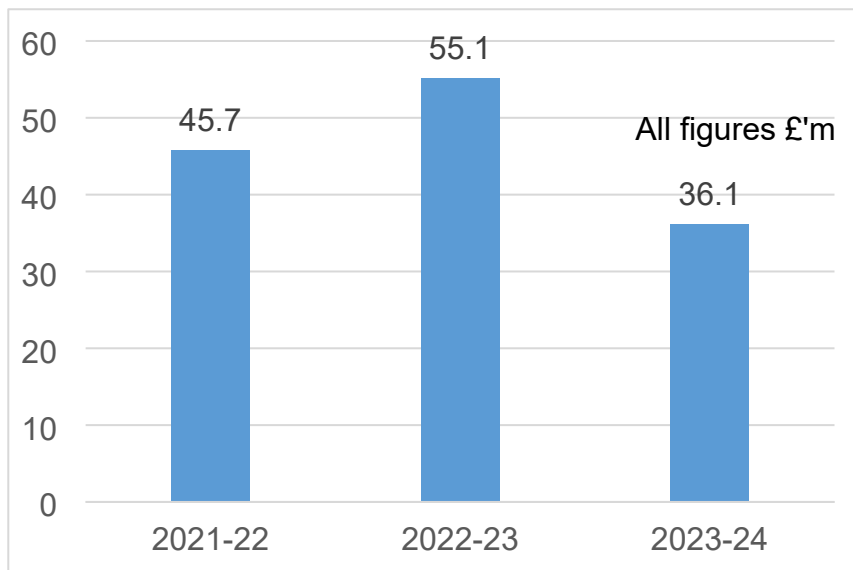
3.25 The new budget proposals for growth and savings have been developed following guidance from the Corporate Director of Resources and have been through a robust process of development and challenge with the Executive Mayor, Cabinet Members, the Chief Executive, the Corporate Management Team, service directors and managers. The proposals will now be subject to review by the Scrutiny and Overview Committee and through public engagement. Details of the new savings and growth proposals are provided in Appendix B1.

3.26 **Transformation.** Discussions are continuing with the Government appointed Improvement and Assurance Panel (IAP) regarding the level of transformation that can be sustainably delivered. It was advice from the IAP that led to the £10m transformation revenue budget being established for 2023-24. This is included in the MTFs, although it is reduced to an ongoing budget of £5m from 2024-25 onwards. Given the scale of Croydon's financial challenge the level of the transformation budget will require regular review to ensure that transformation plans can be delivered safely and sustainably.

3.27 The Executive has set a target level of savings that can safely be delivered each year beyond 2024-25 of £20m. As set out in Chart 1 the Council has identified an average of £45m+ per year in savings from 2021-22 to 2023-24. This is not sustainable for the future and risks hollowing out the services received by residents.

3.28 The chart below shows savings agreed for the last three financial years. Please note that not all the 2021-22 and 2022-23 savings were fully achieved, and some have been reversed out as part of subsequent annual budget setting. These annual savings are significantly higher than other London boroughs and our statistical neighbours.

Chart 1- Budget Savings 2021-22 to 2023-24



3.29 **The net cost of borrowing** forecast is based on the approved 2023-24 to 2026-27 capital programme and use of capitalisation directions as set out in Table 4.

Table 4 – Budgeted Capitalisation Directions

	£'m
Prior to 2023-24	145.0
Legacy issues to 2022-23 (agreed for 2023-24 Budget)	161.6
2023-24 – Existing	5.0
2023-24 – New	58.0
2024-25 – assumed	38.0
2025-26 – assumed	38.0
2026-27 – assumed	38.0
2027-28 – assumed	38.0
Total government support	£521.6m

3.30 An increase of £17.5m was made in the 2023-24 budget for the net cost of borrowing and a further increase of £14.5m is modelled for 2024-25. The Council's net cost of borrowing (excluding any savings realised from the sale of assets) is currently modelled to reach £72.5m in 2024-25. This takes the proportion of the Council's core spending power spent on borrowing costs to 19% compared to the current median for England of 8%.

3.31 The Council has put in place a programme of asset disposals to generate capital receipts that will partially mitigate the Council's increasing reliance on external borrowing. The current modelling allows for annual receipts of £50m per annum from 2022-23 to 2025-26 and incremental estimated revenue savings of £4m per annum. The estimated revenue benefit in 2024-25 is £8m (an increase of £4m on 2023-24) increasing to £16m by 2026-27. This benefit is separately identified within the forward financial plan. A new saving proposal is also put forward to deliver an additional £2m saving in 2024-25 through realising greater benefits from the disposal programme. After allowance for the potential savings from the asset disposal programme the proportion of the Council's core spending power spent on borrowing costs is modelled at 17%.

3.32 The forecast for the net cost of borrowing will continue to be reviewed in line with the development of the Council's capital programme, asset disposal strategy and the outcome of discussions with government. The future movement in interest rates is uncertain and there is risk that both long and shorter-term rates will increase as part of the Bank of England's policy response to inflationary pressures. As well as impacting on borrowing costs this may affect the potential value of future receipts.

3.33 **Contingency/risk provision.** The 2023-24 budget included an unallocated contingency of £5m and this is sum is unchanged for future years.

3.34 **General Balance.** The Council is currently finalising its accounts for 2019/20, 2020/21, 2021/22 and 2022/23 but it is anticipated that Croydon currently

holds a general fund balance of at least £27.5m. This is in line with the S151 Officer's view that this is the minimum the Council needs to hold given the scale and complexity of services provided by Croydon, as a Unitary Authority, and the Council's historic high-risk profile. The MTFs is seeking to neither add nor reduce the current general fund balance.

3.35 **Hardship funding** of £2m was approved in the 2023-24 budget to provide additional support for low-income households that cannot afford to pay their full council tax. The forward financial plan assumes that this level of funding is ongoing albeit it is now netted against forecast council tax income rather than shown as expenditure. In accounting terms, the hardship funding is delivered through the provision of council tax discounts.

Resources

3.36 Forecast **government grant funding** is detailed in Appendix C. A 1-year Local Government Finance Settlement (LGFS) was issued for 2023-24 with no certainty on future allocations. However, DLUHC have stated that no fundamental reform will be made to the needs assessments prior to 2025-26 and that the current grant formulae are likely to continue in 2024-25.

3.37 Based on this assumption 2024-25 grant levels are modelled in line with the anticipated increase in overall local government funding, as set out in the Government's 2022 Autumn Statement. Beyond 2024-25, for financial modelling purposes, an underlying 2% per annum increase is assumed in government funding. There is a risk that actual grant increases may be lower.

3.38 Exceptions to the assumed grant increase are the New Homes Bonus Grant (£1.646m in 2023-24) and Services Grant (£2.994m in 2023-24). These are potentially subject to further reform and no grant receipt is modelled for 2024-25 onwards.

3.39 Forecast **Business Rates** funding (including compensation grant for under indexing the business rates multiplier) is detailed in Appendix D. An increase of £1.9m is assumed in the overall funding receivable from business rates in 2024-25 from new developments within the borough and through allowance for inflation. Concern remains that the recent rates revaluation, which increased the rates payable in Croydon by an average of 7.5% from 1 April 2023, may have an adverse impact on collection rates and the level of business rate valuation appeals. The business rates estimate will be refreshed in January in accordance with the government timetable for submitting the 2024-25 forecast.

3.40 For **Council Tax** an increase of 4.99% (2.99% council tax and 2% adult social care precept) is modelled for 2024-25. The 2023-24 LGFS confirmed that London Boroughs could increase council tax by up to 2.99% in 2024-25, without requiring a local referendum. Croydon can also raise the Social Care

precept by 2% in both 2023-24 and 2024-25. The Council has a fiduciary duty to taxpayers and the Executive Mayor has given a commitment that Croydon will not increase future council tax levels above the referendum limits set for other London Boroughs.

- 3.41 From 1 April 2022 the Council changed the Council Tax Support Scheme to an income band scheme. This means that weekly household income is used to determine the percentage of Council Tax support provided.
- 3.42 At the Council budget meeting on 1 March 2023, it was resolved to “Change the rate at which the income bands are increased annually from the level of CPI 10.1% to the amount Council Tax is increased for that year which could be up to 15% cap.” The income band levels increase being in line with Council Tax increase was only for 2023-24 and therefore the Council Tax Support Scheme will revert from 1 April 2024 to increase the income bands in line with consumer price index (CPI) year on year inflation as at September in the prior year.
- 3.43 Beyond 2024-25 a council tax increase of 2.99% per annum is modelled for Croydon. The government have yet to indicate what the potential referendum cap will be but, given the expectation of lower inflation, it is modelled at a lower rate than for 2024-25.
- 3.44 An underlying increase in the tax base of 1.13% is assumed for each year in line with the average increase over the past 5 years with an unchanged collection rate of 97.5%. Allowance is also made for a reduction in the tax base of £2m regarding the provision of the additional hardship funding agreed within the 2023-24 budget.
- 3.45 As part of the ‘Levelling Up and Regeneration Bill’ the government are expected to pass legislation that will allow a local authority to charge a second home council tax premium. Separately the legislation also provides for charging a 100% premium on properties that are empty for more than 12 months (rather than two years as currently). Subject to the legislation passing and the passing of the 2024-25 Council budget, and any timing or other constraints, this may enable the tax base forecast to be uplifted by an estimated £0.3m in 2024-25 and £0.7m in 2025-26. This is modelled within forecast resources along with other increases of £0.7m.

Council Tax Support Review

- 3.46 In accordance with the requirements of schedule 1A of the Local Government Finance Act 1992, the Council is required each financial year to consider whether to revise its local Council Tax Support (CTS) scheme or to replace it with another scheme. The scheme should be reviewed each year to ensure that it is an effective local CTS scheme which will provide continued support to Croydon's most vulnerable residents and residents who are most in need of support. The Council must make this decision no later than 11th March (previously 31 January) in the financial year preceding when the scheme is to take effect.
- 3.47 The CTS scheme operates by offering a discount to residents who need help paying their council tax. The cost of the scheme is shared between the Council and the Greater London Authority based on respective council tax charges. The forecast 2023-24 cost of the CTS scheme as at the end of August 2023 was £33.4m with £12.6m being the cost of the pensioner scheme and £20.8m being the cost of the working age scheme.
- 3.48 There are 27,093 CTS claimants, of which 8,004 are pensioner and 19,089 are working age claimants. The current CTS scheme created by the Council is divided into two schemes, with pension age claimants receiving support under the rules prescribed by Central Government, and the scheme for working age claimants being determined by the Council. Pensioners, subject to their income can receive up to 100% support towards their council tax. The Council has no powers to change the level of support provided to pensioners and therefore any changes to the level of CTS can only be made to working age claimants.
- 3.49 The Council reviewed and changed the CTS scheme to an income banded scheme for working age claimants on 1st April 2022. This was because the previous CTS scheme was based mainly on "old fashioned" means tested benefit scheme, meaning it was difficult for residents to understand based on the complex calculation of entitlement, the administration for staff was complex with significant amounts of information and evidence needed from residents, the timescale for processing claims was delayed due to the complexity and evidence required to support claims. There was also a need to simplify the scheme not only to mitigate the effects of Universal Credit, but to make it easier for residents to make a claim and reduce the costs of administration.
- 3.50 An income banded scheme takes into consideration the net combined household, of a claimant and partner only. A council tax discount is paid incrementally, e.g. residents in receipt of the lowest income would receive the highest discount towards their council tax liability, and residents in receipt of

higher income would receive a lower discount towards their council tax liability. This means support is targeted at households with the lowest incomes and in the greatest need. An income banded scheme is fairer and easier to administer and understand.

3.51 On 1st March 2023 Full Council following a review and due regard to statutory consultation feedback of the CTS scheme, agreed recommendations to change to the CTS scheme which would take effect from 1 April 2023

- Remove the application of the minimum income floor to households where the claimant or partner are disabled
- For 2023-24 only, to change the rate at which the income bands are increased annually from the level of CPI 10.1% to the amount council tax is increased for that year which could be up to 15% cap. For 2024-25 the scheme will revert to one where the income bands are increased annually by the level of CPI
- Introduce non-dependent deductions (NDD) to disabled not working households, except where the non-dependent is in receipt of Employment Support Allowance or Limited Capability to Work, or in receipt of Carers Allowance for the claimant or partner.

3.52 Despite the current economic and cost of living crisis, and the council tax increase in Croydon of 14.99% in 2023-24, we have not seen an increase in CTS claimants during 2023-24.

3.53 It should be noted that the Council has introduced a new council tax hardship scheme from 1 April 2023 of £2m which is available to residents each year, to support those who are in most need and to help support them to pay council tax.

3.54 Having reviewed the principles of the CTS scheme (as locally adopted) for working age claimants which are detailed below:

- **Council Tax Support should be paid to those with minimal savings** – residents who have Capital of more than £8,000 cannot claim (excluding Pensioners or disabled not working whose limit is £16,000)
- **Council Tax Support should be property related** – Residents can only receive Council Tax Support to a maximum of band D.
- **Everyone should pay something** - all residents will be asked to contribute something towards Council Tax unless they are in one of the protected groups i.e., pensioner (pensioner or disabled not working).
- **Everyone in the household should pay something** – Other adults living in a household who are not the main taxpayer, or their partner will contribute to meeting the cost of Council Tax for the property

- **Make Work pay** – £50 income disregard for disabled working residents.
- **Protecting the vulnerable** – Residents who are working age residents who receive Disability Living Allowance, Personal Independence Payments or Employment and Support Allowance and not working receive 100% council tax support.

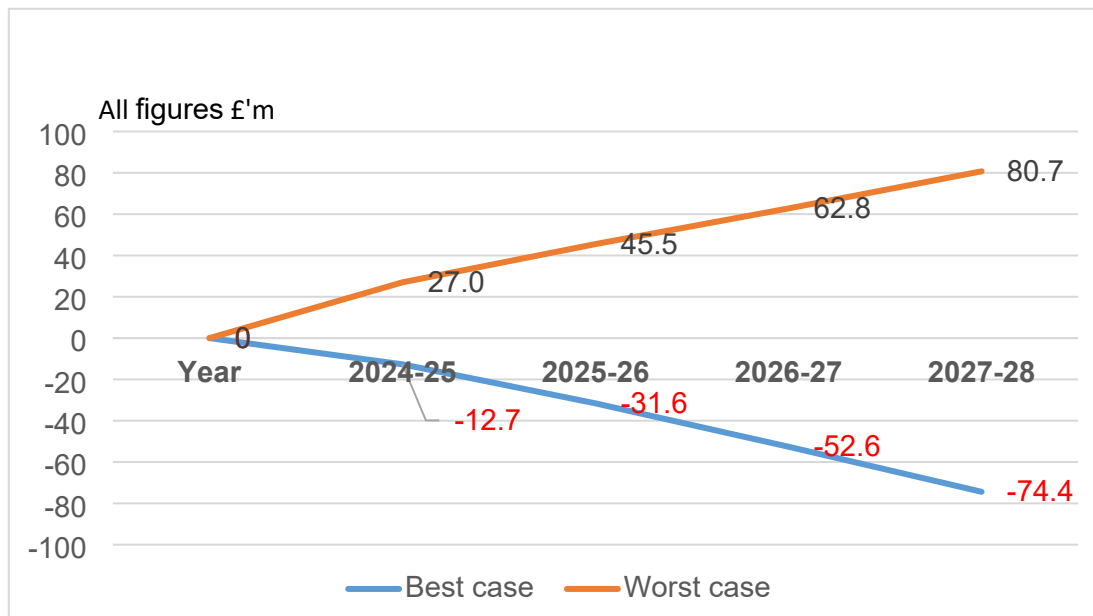
It is recommended that there are no changes to the CTS scheme from 1st April 2024.

Sensitivity Analysis

3.55 The current budget assumptions are estimates made at a specific moment in time. They will be updated, as appropriate, during the 2024 MTFS process.

3.56 Sensitivity analysis has been undertaken, as part of the review of the current assumptions, of potential best and worst-case options. The analysis is detailed in Appendix G with the variance from the current forecast summarised in Chart 2.

Chart 2 – Best/Worst Case Variance from the current MTFS Forecast



3.57 The best-case modelling would improve the forecast 2024-25 position by £12.7m and switch the forecast deficit of £6m to a £6.7m surplus. This would enable a reduction in the assumed capitalisation direction (or other form of government support) from £38m to £31.3m.

- 3.58 The worst-case modelling would increase the forecast 2024-25 deficit by £27m, which would mean a required capitalisation direction (or other form of government support) of £71m.
- 3.59 The current MTFs modelling sits broadly in the middle of the best and worst-case options. The sensitivity analysis highlights the many variables that may impact on the future financial forecast and the scale of potential financial risk (both positive and negative) faced by Croydon.
- 3.60 The most significant variable is inflation with a £45.5m differential, by 2027-28, between the best and worst-case modelling. The rate of inflation is outside of the Council's control and highlights the potential impact on the Council's financial position of wider economic factors over which it has little, or no, influence.

The 2024 Budget Process and Balancing the Books

- 3.61 Given Croydon's financial challenges, and the size of the forecast future budget deficits, the Council must reduce its expenditure significantly over the medium-term. Difficult decisions are required on the services the Council provides, and as set out in the Executive Mayor's Business Plan, the Council will need to do less and spend less in the future. However, the Council is committed to doing what it does do well.

Savings and Transformation

- 3.62 A savings programme is required that delivers services more efficiently and will consider stopping some areas of spend entirely. It must focus on the Executive Mayor's priorities:
1. The Council balances its books, listens to residents and delivers good, sustainable services.
 2. Croydon is a place of opportunity for business, earning and learning.
 3. Every child and young person in Croydon has the chance to thrive, learn and fulfil their potential.
 4. Croydon is a cleaner, safer and healthier place, a borough to be proud of.
 5. People can lead healthier and independent lives for longer.

As well as directorates considering what they can do less and spend less on, the Executive Mayor has asked officers to draw up a programme of cross-directorate transformation savings to drive the Council's financial recovery. The Executive Mayor has a commitment to transforming Croydon Council into a sustainable local authority and does not wish to "hollow out" services to the community by balancing the budget through cuts.

- 3.63 For 2024-25 the scale of savings required by the Council cannot be met through 'salami-slicing' or just stopping some services. Whilst the identification of operational efficiencies by directorates is still required, there needs to be an

increasing reliance on savings that are delivered through the transformation programme. Savings in some discretionary services could result in higher statutory costs in the future for the Council and its partners such as health and the police.

3.64 The proposed 2024-25 transformation savings are separately identified within Appendix B and total £11.4m. This represents 42% of the overall 2024-25 savings programme of £26.9m. Appendix H details the current transformation programme. This will support the identification and delivery of savings for future years.

Other Financial Measures

3.65 The current MTFS forecast identifies a remaining budget deficit, should all existing savings and growth proposals be agreed, of £6.0m. Further financial measures that the Council may consider to close this deficit include:

- Development of further options for additional savings.
- Containing inflationary pressures in 2023-24 within the overall funding envelope of £32.9m without full recourse to use of the economic pressure contingency of £5.5m. This may enable part of the contingency to be freed up as part of the 2024-25 budget process.
- Minimise the need for additional future capital borrowing by realising increased capital receipts and tightly controlling spend on the Croydon funded element of the capital programme. A separate suite of reports will be provided through the budget process on the capital programme and Treasury Management Strategy.
- Constraining new demand and demographic growth requests within the funding envelope assumed within the forward financial plan and/or identifying alternative funding streams.
- Review of the 2023-24 legacy budget corrections and demand pressures to establish if any budget headroom can be freed up.
- Development of a robust reserves strategy and action plan for the Council that mitigates against key financial risks whilst supporting necessary investment.
- Review the resource forecast as it evolves over the forthcoming months. It will be updated in line with new government announcements and actual data on business rates and council tax collection.
- Dialogue with central government on the options available to share the Council's financial burden across government, the Council and residents as service recipients. This could include a debt write-off, revenue grant support, changes to the debt payback period and the interest rate applied to debt (including in relation to capitalisation directions).

Budget Risk and Reserves

3.66 Reserves play a crucial role in good public financial management. They enable investment in service transformation and provide resilience against unexpected events or emergent needs. As one-off resources they can only be spent once. The Council has a well documented history of the imprudent use of reserves to balance its budget. It is the view of the Corporate Director of Resources that next year's budget proposals should only include prudent and appropriate use of reserves to meet one off costs.

3.67 Croydon faces a range of substantial financial risks that may require the use of reserves. These include:

- Key directorate financial risks which were identified as £23m as part of the 2023-24 budget proposals. This forecast will be refreshed prior to the setting of the 2024-25 Budget.
- The outcome of discussions with central government on the Council's need for further capitalisation directions / assistance equivalent to £38m per annum.
- A further upturn in inflation and impact of rising cost of living.
- Hospital discharge delays and pressures in the adult social care sector regarding social care waiting times, fee rates and workforce capacity.
- There is a risk that the number of children in care or the number of homeless families in the borough increases beyond what can be accommodated within existing budgets.
- The risk of recession and impact on demand for council services and income streams, such as business rates, council tax or parking charges.
- Additional financial issues coming to light as part of the external audit of the past four years of the Council's annual accounts.
- The impact of the wider economy on major Council development projects and future capital receipts.
- The future impact on London of the government's 'levelling-up' agenda and wider local government finance reform (such as business rates).
- A significant upturn in interest rates. This would impact on both the core borrowing undertaken to finance the historic capital programme and future borrowing regarding the use of capitalisation directives.
- The impact of, and costs of tackling, climate change.
- The challenge of identifying further significant future savings that balance the budget over the longer-term. The current MTFs modelling identifies a target for new savings of £20m per annum beyond 2024-25. However, there is an annual £38m shortfall driven by the cost of debt in the Council's ongoing annual budget which is currently assumed to be funded from annual Capitalisation Directions from government, which in turn will generate more cost pressures from their annual Minimum Revenue Provision (MRP) payments. This is not a sustainable financial position and not a cost-effective use of taxpayers' money and needs to be resolved.

- A financial risk from children being moved into the borough from other councils and the Council becoming liable for their needs and costs.
- The financial risk of other councils and government agencies placing homeless families and single people in Croydon and the Council having to fund new service needs.

3.58 Croydon holds reserves for the following main purposes:

- As a contingency to cushion the impact of unexpected events or emergencies. This is held as the Council's general fund balance and is estimated to be at least £27.5m which the Corporate Director of Resources and Section 151 Officer considers to be the minimum level of general fund balance that the Council should hold given its scale, complexity as a unitary council and historically high-risk profile.
- To build up funds for known or predicted requirements; these specific reserves are known as earmarked reserves. The current level of earmarked reserves is still being established through the closedown of the accounts for 2019-20 to 2022-23.
- Restricted reserves are also earmarked but there are more constraints, such as grant terms and conditions, on how the Council can use such funding. The largest restricted reserve is £30m relating to business rates income ringfenced for use in the Croydon growth zone.
- Specific reserves relating to school balances and the funding of business rate rebates as part of the government's Covid measures. As set out in Appendix D the 2023-24 business rates income forecast includes a drawdown from the business rate relief reserve (which was funded from government grant) of £12.1m that offsets a prior year adjustment made for rate reliefs granted during the Covid-19 pandemic.

3.59 The level of financial risk and reserves will continue to be reviewed as part of the 2024-28 MTFs process. The latest comparative data produced by DLUHC³ indicates that Croydon's general and earmarked reserves are still below the median level for a London Borough (46% of service expenditure compared to the median for London of 59%).

4 BUDGET ENGAGEMENT

4.1 The Council's financial challenges mean that setting the 2024-25 Annual Budget, the resulting Council Tax and the Capital Programme will require difficult decisions to be made by Members. In line with the Executive Mayor's commitment to listen to Croydon's residents it is proposed that a public engagement programme is launched to allow residents, partners, the voluntary, community and faith sector and other interested parties to provide their views and feedback on the revenue budget proposals set out in this report, including the savings proposals detailed in Appendix B1. The annual

³ Local authority general fund earmarked and unallocated reserve levels, 2017-18 to 2021-22- DLUHC paper published 18 May 2023

budget consultation with local businesses (required in law) will also be covered by this public engagement programme.

- 4.2 If agreed, the Budget engagement will run on the Council's online platform from 6th November 2023 for at least six weeks. It will give residents and businesses the opportunity to provide their views on the services and areas of spending which are most important for them and offer the opportunity to comment on how specific savings proposals may impact them and what mitigations the Council may wish to consider.
- 4.3 The Budget engagement will be publicised across all Council communications channels including social media, shared with local voluntary, community and faith sector organisations, resident associations, local businesses and other partners, and publicised in the Council's libraries and children's centres with staff briefed to support residents and print copies of the information and survey if needed.
- 4.4 Separate individual service consultations with service users, staff and trade unions will also be undertaken ahead of implementation of individual savings proposals where required.
- 4.5 The results will be reported to Cabinet and will inform the final proposals for Council Tax setting to be presented to the Executive Mayor in Cabinet and Full Council in February and March 2024.

Budget Timetable

- 4.6 The budget proposals will continue to be reviewed and developed in the lead up to Budget Council in February/March 2024. A proposed budget timetable is attached as Appendix E.

5 ALTERNATIVE OPTIONS CONSIDERED

- 5.1 None.

6 CONSULTATION

- 6.1 This report commences the 2024-25 budget engagement with residents, businesses, the voluntary sector and other stakeholders.

7 CONTRIBUTION TO COUNCIL PRIORITIES

- 7.1 This report supports the Executive Mayor's Business Plan 2022-2026 objective one "The council balances its books, listens to residents and delivers good sustainable services".

8 IMPLICATIONS

8.1 FINANCIAL IMPLICATIONS

- 8.1.1 As this report is primarily financial in nature, financial implications are covered throughout the report.

8.2 LEGAL IMPLICATIONS

- 8.2.1 Under Section 151 Local Government Act, the Council must make arrangements for the proper administration of its financial affairs and the Council's Corporate Director of Resources and Section 151 Officer has responsibility for the administration of those affairs.
- 8.2.2 The Council is under a statutory responsibility to set a balanced budget. Section 28 of the Local Government Act 2003 is required to periodically conduct a budget monitoring exercise of its expenditure and income against the budget calculations during the financial year. If the monitoring establishes that the budgetary situation has deteriorated, the Council must take such remedial action as it considers necessary to deal with any projected overspends. This could include action to reduce spending, income generation or other measures to bring budget pressures under control for the rest of the year. The Council must act reasonably and in accordance with its statutory duties and responsibilities when taking the necessary action to reduce the overspend.
- 8.2.3 Under Section 3(1) of the Local Government Act 1999 ("the 1999 Act"), the Council, as a best value authority, must make arrangements to secure continuous improvements in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. For the purpose of deciding how to fulfil the duty arising under subsection (1) an authority must consult—
- (a) representatives of persons liable to pay any tax, precept or levy to or in respect of the authority,
 - (b) representatives of persons liable to pay non-domestic rates in respect of any area within which the authority carries out functions,
 - (c) representatives of persons who use or are likely to use services provided by the authority, and
 - (d) representatives of persons appearing to the authority to have an interest in any area within which the authority carries out functions.
- 8.2.4 In addition, the Council must have regard to the statutory guidance issued under Section 26 of the 1999 Act in this regard which recommends that Authorities should include local voluntary and community organisations and small businesses in such consultation.
- 8.2.5 By virtue of Section 65 of the Local Government Finance Act 1992 ("the 1992 Act"), the Council has a duty as billing authority to consult persons or bodies appearing to it to be representative of persons subject to non-domestic rates under sections 43 and 45 of the Local Government Finance Act 1988 as regards hereditaments situated in the authority's area. Consultations must be made as to each financial year, and must be about the authority's proposals for expenditure (including capital expenditure) in that financial year; and the Secretary of State may by regulations prescribe matters which are to be treated as expenditure for this purpose.

- 8.2.6 The duty to consult as to a financial year shall be performed before the Council as billing authority makes calculations (otherwise than by way of substitute) in relation to the financial year under section 31A or section 32 of the 1992 Act. A billing authority is required to make available to persons or bodies it proposes to consult under this section such information as may be prescribed and is in its possession or control; and it shall do so in such form and manner, and at such time, as may be prescribed.
- 8.2.7 Under Section 15 of the 1999 Act, the Secretary of State has the powers to intervene if satisfied that the Council is failing to meet its best value duty. This includes the power to issue direction that the function of the authority be exercised by the Secretary of State, or a person nominated by him for a specified period.
- 8.2.8 On 20th July 2023, the Secretary of State for Levelling Up, Housing and Communities (“the SoS”) issued Directions under Section 15(5) of the LGA to the Council on the basis that the Council was failing to comply with its Best Value Duty setting out actions to be taken by the Council to comply the duty. The SoS Directions require the Council to, amongst others, continue to address the culture of poor financial management at the Authority and to continue to restore public trust and confidence in the Authority by transforming the Authority’s activities, practices, and omissions to ensure that they are compatible with the best value duty. In addition, the Council is required to secure as soon as practicable that all the Authority’s functions are exercised in conformity with the best value duty thereby delivering improvements in services and outcomes for the people of Croydon.
- 8.2.9 The Council must comply with legal framework including established public law principles in relation to any proposed disposal of land and property. Under Section 123 the Local Government Act 1972, it has a statutory duty to sell land at the best price reasonably obtainable, unless it has the express consent of the Secretary of State. A “disposal” includes the sale of the freehold, granting a lease, assigning a lease and/or granting an easement. Entering into option agreements or sale and leaseback contracts are also be deemed to be disposals. Where land or property is used to deliver services, the Council must take a decision on changing or maintaining its existing service provision before disposing of assets that are used to provide these services. This could engage the public law duty to consult service users and other affected stakeholders.
- 8.2.10 Section 13A of the Local Government Finance Act 1992 (“the 1992 Act”) requires the Council as the billing authority to make a localised Council Tax Reduction Scheme (which Croydon calls its Council Tax Support Scheme (“CTS”)) in accordance with Schedule 1A of the 1992 Act. Each financial year the Council must undertake a review of its scheme to consider whether it wants to revise the scheme, leave as is or replace it. Consultation must occur on any option required to change the scheme. This consultation must take place prior to introduction, and the statutory consultation process and consultees are set out in Schedule 1A paragraphs 3 and 5 of the 1992 Act and related regulations. These statutory steps include:

- Consulting any major precepting authority which has power to issue a precept to it;
- Publish a draft scheme in such a manner as it thinks fit; and
- Consult such other persons as it considers are likely to have an interest in the operation of the scheme.

8.2.11 The 1992 Act provides that a billing authority's Council Tax Reduction Scheme must include proscribed matters set out in the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012, as amended. Most recently these regulations were amended in January 2023 to make changes to proscribed contents which do not currently form part of the Council's Council Tax Reduction Scheme. Consequently, the Council is required, without any exercise of discretion, to amend the CTS, to reflect any changes made to those regulations.

8.2.12 The Council as Billing Authority must make any revision to its scheme, or any replacement scheme, no later than 11 March in the financial year preceding that for which the revision or replacement scheme is to have effect. If the revised scheme is not agreed by 11 March, then the statutory provisions provide that the scheme the Council administered for the previous financial year would become the default scheme for upcoming financial year. This would mean that the Council would fail to include the most recent amendments made to the prescribed contents of such schemes.

8.2.13 In exercising its functions under various statutory requirements detailed within this report, the Council must have due regard to the public sector equality duty (PSED) contained within section 149 of the Equality Act 2010 which requires the Council to have due regard in its decision-making processes to the need to: eliminate discrimination, harassment, victimisation or other prohibited conduct, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who don't. The protected characteristics include age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex and sexual orientation. The equalities considerations are detailed more fully in section 8.4 below.

8.2.14 Any consultation carried out, whether under the Council's best value duty, public sector equality duty and/or other common law or statutory duty will need to comply with the following requirements ("the Gunning principles"): a) it should be at a time when proposals are still at a formative stage; b) the Council must give sufficient reasons for any proposal to permit intelligent consideration and response; c) adequate time must be given for consideration and response; and d) the product of consultation must be conscientiously taken into account before a decision is made.

Comments approved by Sandra Herbert, Head of Litigation and Corporate Law on behalf of the Director of Legal Services and Monitoring Officer.

8.3 HUMAN RESOURCES IMPLICATIONS

- 8.3.1 Consequences arising from this report, and the consequent actions, will be the impact upon the existing workforce, as the Council seeks to implement measures to reduce the cost overhead. The Council will need to ensure careful and consistent communications to all staff, especially staff who will be directly impacted upon. The Council should seek to retain as many vacant posts as possible to either review and delete (to contribute to cost savings) or to provide opportunities for staff redeployment. The Council should also ensure, where appropriate, staff at risk of redundancy are redeployed and retrained into new work. This approach has the benefit of avoiding redundancy costs, as well as the wider local economic impact of ensuring staff are employed, avoiding the local economic and community costs of worklessness.
- 8.3.2 All staff at potential risk of redundancy must be consulted, along with their trade union representatives, in accordance with the Council's restructure and redundancy policies and procedures. If over 99 staff in any three-month period are at risk of redundancy the Council is required to observe a 45-day statutory redundancy consultation time frame. If the number of staff at risk of redundancy is between 20 to 99 in any three-month period, the statutory redundancy consultation time frame is 30 days. The Council has a legal duty to find suitable alternative employment, where possible, and to take all reasonable measures to prevent compulsory redundancy. The Council could also seek voluntary redundancies through each planned staff restructure to reduce the impact of compulsory redundancies and selection for redundancy exercises.
- 8.3.3 The Council has established a comprehensive support network for staff including an employee assistance programme, a Guardians' network, Staff Network groups for different protected characteristics, mental health first aiders and the trade unions.

Comments approved by Dean Shoesmith, Chief People Officer, 19/09/2023.

8.4 EQUALITIES IMPLICATIONS

- 8.4.1 This report sets out a number of proposals that will change the services and provisions we provide for residents across Croydon. These proposals are subject to further work and the decisions in relation to the budget are reserved for Full Council.
- 8.4.2 As a public body, the Council is required to comply with the Public Sector Equality Duty [PSED], as set out in the Equality Act 2010. The PSED requires the Council to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out their activities. Failure to meet these requirements may result in the Council being exposed to costly, time consuming and reputation-damaging legal challenges.
- 8.4.3 The Council must, therefore, ensure that we have considered any equality implications for each of the budget proposals prior to the budget

council meeting. The Council has an established Equality Impact Assessment [EqIA] process, with clear guidance, templates and training for managers to use whenever new policies or services changes are being considered. This approach ensures that proposals are checked in relation to the impact on people with protected characteristics under Equality Act 2010.

- 8.4.4 Assessing the impact of proposed changes to policies, procedures, services and organisational change is not just something the law requires; it is a positive opportunity for the Council to ensure it makes better decisions, based on robust evidence.
- 8.4.5 Our approach is to ensure the equality impact assessments are data led, using user information, demographic data and forecasts, as well as service specific data and national evidence to fully understand the impact of each savings proposal. This enables the Council to have proper regard to its statutory equality duties.
- 8.4.6 As an organisation we are committed to protecting the most vulnerable in our communities and to ensure that in making difficult decisions about funding we maintain an absolute commitment to tackling inequality and disadvantage and promoting equality for everyone who lives and works in the borough.
- 8.4.7 We have a large number of vulnerable children and asylum seekers who are in need of our services. We have also been faced with the rise of costs of the provision of adult social care, which has been exasperated following the pandemic. Alongside this our residents have been hit with cost-of-living pressures, we have supported residents through mitigations for changes where possible and signposting to other support organisations in the borough. We will continue to seek mitigation during the equality analysis process where possible. This includes the provision of emergency accommodation for a range of characteristics including disabled people who we have supported during the year.
- 8.4.8 Our initial data suggests that residents across all equality characteristics may be affected by changes. National data highlights that this may have a greater impact on race, disabilities, sex and pregnancy and maternity. We will continue to assess the impact and strive to improve our evidence and data collection, to enable us to make informed decisions.
- 8.4.9 Where consultations take place, we will ensure that we make it accessible for all characteristics including those with disabilities including neurodiversity by ensuring that we adopt Disability standards in our consultation platform. Notwithstanding those residents who are digitally excluded. We will also consult using plain English to support our residents who do not have English as a first language.
- 8.4.10 With regard to potential staff redundancies, as a diverse borough we will undertake equality analysis and seek mitigation for staff by offering redeployment and employability support. We will also assess the impact of job losses on protected characteristics.

Comments approved by Naseer Ahmad for the Equalities Programme

9 APPENDICES

- A 2024-28 Medium Term Financial Strategy Forecast
- B Growth and Savings Proposals
- B1 Details of New Savings and Growth Proposals
- C 2024-28 Government Grants and Funding Forecast
- D 2024-28 Business Rates Forecast
- E Budget Setting Timetable
- F Unfunded New Burdens and Services
- G Sensitivity Analysis – Best and Worst Case Modelling
- H Transformation Projects

10 BACKGROUND DOCUMENTS

- 10.1 None.

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Summary of Departmental Budget Proposals

Savings and Change Proposals

Figures are incremental

	2024-25 £'000s	2025-26 £'000s	2026-27 £'000s	2027-28 £'000s
Children, Young People & Education	-4,082	-142	0	0
Adult Social Care & Health	-5,000	-4,000	-4,000	0
Housing	-1,989	-589	-993	0
Sustainable Communities Regeneration & Economic Recovery	-1,353	-333	0	0
Assistant Chief Executive	-4,245	-891	-26	-26
Resources	-6,672	-1,020	0	0
Corporate / Council wide	-3,590	0	0	0
Total	-26,931	-6,975	-5,019	-26

Demand Pressures

	2024-25 £'000s	2025-26 £'000s	2026-27 £'000s	2027-28 £'000s
Children, Young People & Education	0	0	0	0
Adult Social Care & Health	4,530	4,712	4,900	5,096
Housing	0	0	0	0
Sustainable Communities Regeneration & Economic Recovery	722	3,500	0	0
Assistant Chief Executive	4,932	3,324	0	0
Resources	1,686	0	0	0
Corporate / Council wide	71	39	40	41
Total	11,941	11,575	4,940	5,137

Legacy Budget Corrections

	2024-25 £'000s	2025-26 £'000s	2026-27 £'000s	2027-28 £'000s
Children, Young People & Education	0	0	0	0
Adult Social Care & Health	0	0	0	0
Housing	0	0	0	0
Sustainable Communities Regeneration & Economic Recovery	306	0	0	0
Assistant Chief Executive	0	0	0	0
Resources	500	500	500	500
Corporate / Council wide	0	0	0	0
Total	806	500	500	500

Net Budget Movement

Savings, demand pressures & legacy budget corrections	2024-25 £'000s	2025-26 £'000s	2026-27 £'000s	2027-28 £'000s
Children, Young People & Education	-4,082	-142	0	0
Adult Social Care & Health	-470	712	900	5,096
Housing	-1,989	-589	-993	0
Sustainable Communities Regeneration & Economic Recovery	-325	3,167	0	0
Assistant Chief Executive	687	2,433	-26	-26
Resources	-4,486	-520	500	500
Corporate /Council wide	-3,519	39	40	41
Total budget change	-14,184	5,100	421	5,611

Increase in Forecast Resources - included within the Council Tax and Business Rates Income Forecast

	2024-25 £'000s	2025-26 £'000s	2026-27 £'000s	2027-28 £'000s
Council Tax Income	-1,086	-353	0	0
Business Rates Income	-1,937	-263	0	0
Total	-3,023	-616	0	0

Children, Young People & Education

Savings and Change proposals

Figures are incremental

Pro-Formas	Service	Description	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Incremental/new savings identified in the 2023-24 Medium Term Financial Plan						
2023 MTFS	Social Work with Children Looked After and Care Leavers	Reduce spend on Children Looked After placements	-330			
2023 MTFS	Early Years Team	Develop family hubs and introduce external funding	-1,300			
Incremental/new savings identified in the 2024-25 Medium Term Financial Plan						
2024-28 SAV CYPE 001	Children's Social Care - Division wide	Children's Social Care staffing budget realignment	-1,110			
2024-28 SAV CYPE 002	Safeguarding and Quality Assurance	Croydon Safeguarding Children Partnership back office restructure	-50			
Transformation Projects						
Incremental/new savings identified in the 2023-24 Medium Term Financial Plan						
2023 MTFS	Directorate wide	Review all joint funding arrangements across education, health and care	-250			
2023 MTFS	Social Work with Families and 0-17 Children with Disabilities	Calleydown – increasing capacity and reducing respite costs	-142	-142		
Incremental/new savings identified in the 2024-25 Medium Term Financial Plan						
2024-28 SAV CYPE 003	Children Looked After and care experienced young people	Review of Children Looked After placements	-900			
Total of Planned Savings			-4,082	-142	0	0

Net Budget Movement

Figures are incremental

Children, Young People & Education	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Proposed savings	-4,082	-142	0	0
Demand pressures	0	0	0	0
Net Budget Movement	-4,082	-142	0	0

Adult Social Care & Health

Savings and Change proposals

Figures are incremental

Pro-Forma	Service	Description	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
<i>Incremental/new savings identified in the 2024-25 Medium Term Financial Plan</i>						
<i>Transformation Projects</i>						
2024-28 SAV ASCH 001	Departmental wide	Adult Social Care Transformation*	-5,000	-4,000	-4,000	
Total of proposed savings			-5,000	-4,000	-4,000	-

*Please note that the savings figures for 2025-26 and 2026-27 are indicative only at this stage and will be reviewed next year following completion of the diagnostic work.

Demand Pressures

Figures are incremental

Pro-Forma	Division	Description	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
<i>New demand pressures identified in the 2024-25 Medium Term Financial Plan</i>						
2024-28 GRO ASC 001	Departmental wide	Demographic growth	4,530	4,712	4,900	5,096
Total Demand Pressures			4,530	4,712	4,900	5,096

Net Budget Movement

Figures are incremental

Adult Social Care & Health	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Proposed savings	-5,000	-4,000	-4,000	0
Demand pressures	4,530	4,712	4,900	5,096
Net Budget Movement	-470	712	900	5,096

Housing

Savings and Change proposals

Figures are incremental

Pro-Forma	Service	Description	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000	Notes
<i>Incremental/New savings identified in the 2023-24 Medium Term Financial Plan</i>							
2023 MTFS	Emergency and Temporary Accommodation	Housing Needs restructure including Dynamic Purchasing System implementation	-625				
2023 MTFS	Emergency and Temporary Accommodation	Temporary accommodation occupancy checks	-300				
2023 MTFS	Emergency and Temporary Accommodation	Temporary accommodation case review (discretionary cases)	-450				
2023 MTFS	Emergency and Temporary Accommodation	Data cleanse & rent accounts (income collection)	-200				
2023 MTFS	Emergency and Temporary Accommodation	Repurpose general needs voids for emergency accommodation	-175	-175			
2023 MTFS	Emergency and Temporary Accommodation	Demand management	-239	-414			
<i>Incremental/New savings identified in the 2024-25 Medium Term Financial Plan</i>							
2024-28 SAV HSG 001	Emergency and Temporary Accommodation	Demand management			-653		
2024-28 SAV HSG 002	Emergency and Temporary Accommodation	Supported Housing contracts review			-240		
2024-28 SAV HSG 003	Emergency and Temporary Accommodation	No Recourse to Public Funds			-100		
Total proposed savings			-1,989	-589	-993	0	

Demand Pressures

Figures are incremental

Pro-Forma	Division	Description	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
<i>New demand pressures identified in the 2024-25 financial plan</i>						
Total demand pressures			0	0	0	0

Net Budget Movement

Figures are incremental

Housing	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Proposed savings	-1,989	-589	-993	0
Demand pressures	0	0	0	0
Net Budget Movement	-1,989	-589	-993	0

Sustainable Communities Regeneration & Economic Recovery

Savings and Change Proposals

Figures are incremental

Pro-forma	Service	Description	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
<i>Incremental/New savings identified in the 2023-24 Medium Term Financial Plan</i>						
2023 MTFS	Leisure	Redesign leisure sports development service	-45			
2023 MTFS	Planning and sustainable regeneration	The charging of a percentage of salaries in Planning and Regeneration to income sources other than General Fund eg Growth Zone, Community Infrastructure Levy and external grants		17		
2023 MTFS	Directorate wide	Realignment of one-off investment of public health grant in libraries (£0.200m) and physical activities (£0.200m). Reversal of one-off saving in 2023-24	400			
<i>Incremental/New savings identified in the 2024-25 Medium Term Financial Plan</i>						
2024-28 SAV SCRER 001	Violence Reduction Network	Community Infrastructure Levy funding substitution for CCTV	-150	-150		
2024-28 SAV SCRER 003	Spatial Planning, Growth Zone and Regeneration	Deletion of posts in Spatial Planning & Regeneration	-122			
2024-28 SAV SCRER 004	Strategic transport	Strategic Transport	-65			
2024-28 SAV SCRER 005	Employment, Skills and Economic Development	Employment, Skills and Economic Development	-60			
2024-28 SAV SCRER 007	Directorate Wide	Fees and charges		-200		
2024-28 SAV SCRER 008	Waste Collection	Charging for replacement waste containers	-30			
2024-28 SAV SCRER 009	Waste Collection	Clinical waste – remodelled service offer (sanitary/offensive waste)	-30			
<i>Transformation Projects</i>						
2023 MTFS	Building Control	Building control	-300			
2024-28 SAV SCRER 002	Highways and Parking	Fees and charges - Changes to parking policy	-951			
Total of proposed savings			-1,353	-333	0	0

Demand Pressures

Figures are incremental

Pro-Forma	Division	Description	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Incremental/new demand pressures identified in the 2023-24 Medium Term Financial Plan						
2023 MTFS	Waste & Recycling	Refuse contract		2,500		
2024-28 SAV SCRER 006	Highways and Parking	Deferral of highways maintenance		1,000		
Incremental/new demand pressures identified in the 2024-25 Medium Term Financial Plan						
2024-28 GRO SCRER 001	Corporate Resilience	Full time apprentice for resilience and emergency planning team and increase in on call payments to volunteers for emergency response	32			
2024-28 GRO SCRER 002	Culture, Leisure & Libraries	Contract management support for large, platinum & gold level contracts	70			
2024-28 GRO SCRER 003	Independent travel	Special Education Needs Transport – Student Number Cost Driver	620			
Total of demand pressures			722	3,500	0	0

Legacy Budget Corrections

Figures are incremental

Pro-Forma	Division	Description	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
2024-28 GRO SCRER 004	Highways and Parking	Right size Highways staff recharge budget	306			
Total legacy budget corrections			306	0	0	0

Net Budget Movement

Figures are incremental

Sustainable Communities Regeneration & Economic Recovery	2024-25	2025-26	2026-27	2027-28
	£000	£000	£000	£000
Proposed savings	-1,353	-333	0	0
Demand pressures	722	3,500	0	0
Legacy budget corrections	306	0	0	0
Net Budget Movement	-325	3,167	0	0

Assistant Chief Executive

Savings and Change proposals

All figures are incremental

Pro-Forma	Service	Description	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Incremental/New savings identified in the 2024-25 Medium Term Financial Plan						
2024-28 SAV ACE 001	Communications and Engagement	Fees and charges including film office income generation	-66	-26	-26	-26
2024-28 SAV ACE 002	Human Resources and Organisation Development	Human Resources - Transformation	-50	-50		
2024-28 SAV ACE 003	Strategy and Policy	Reverse Equality, Diversity and Inclusion team expansion	-50			
2024-28 SAV ACE 004	Concessionary Travel	Concessionary Fares reduced activity	-1,037	-815		
2024-28 SAV ACE 005	Strategy and Policy	Delete vacant PPP National Graduate Development Programme (NGDP) trainee post	-42			
2024-28 SAV ACE 006	Public Health	Substitution funding from Public Health Grant and Contain Outbreak Management Fund Grant	-3,000			
Total of proposed savings			-4,245	-891	-26	-26

Demand Pressures

All figures are incremental

Pro-Forma	Division	Description	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Incremental/new demand pressures identified in the 2023-24 Medium Term Financial Plan						
2023 MTFS	Concessionary Travel	Increase in the Croydon contribution to the TfL freedom pass scheme	4,932	3,324		
Total demand pressures			4,932	3,324	0	0

Net Budget Movement

Assistant Chief Executive	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Proposed Savings	-4,245	-891	-26	-26
Budget Pressures	4,932	3,324	0	0
Legacy budget corrections	0	0	0	0
Net Budget Movement	687	2,433	-26	-26

Resources - Budget Proposals

Savings and Change proposals

All figures are incremental

Pro-Forma	Service	Description	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
<i>Incremental/new savings identified in the 2023-24 Medium Term Financial Plan</i>						
2023 MTFS	Finance	Restructure technical support & development teams	-30			
2023 MTFS	Finance	Finance staffing review	-125			
2023 MTFS	Finance	Premier supplier commission	-100			
2023 MTFS	Commercial Investment	PMI Contract Manager - Invest to Save proposal	-79			
<i>Incremental/new savings identified in the 2024-25 Medium Term Financial Plan</i>						
2024-28 SAV RES 001	Property Management	Energy management, utilities cost recovery	-2,250			
2024-28 SAV RES 002	Property Management	Review of document storage	-10	-40		
2024-28 SAV RES 003	Property and Facilities Management	Review of postage and mail scanning across the Council	-30	-80		
2024-28 SAV RES 006	Procurement	Review of Procurement Team	-120	-170		
2024-28 SAV RES 007	Commercial Investment	Private Finance Initiative contracts review	-241	-520		
2024-28 SAV RES 008	Property and Legal	Review of property and resources related charges to residents	-50	-150		
2024-28 SAV RES 009	Capital delivery - Non HRA	Review departmental location of Education Capital Delivery Team	-250	-100		
2024-28 SAV RES 010	Property	Increasing advertising income from Council assets and property	-50	-100		
2024-28 SAV RES 011	Finance	Increased bailiff fee income - Council Tax and Business Rates collection	-40			
2024-28 SAV RES 012	Finance	Housing benefit subsidy transformation	-1,156	790		
2024-28 SAV RES 013	Finance	Support Services & Development Team - staffing efficiencies	-48			

2024-28 SAV RES 014	Legal	Reduce spend on external solicitors	-281			
	Transformation Projects					
2023 MTFS	Finance	Housing Benefit Review	-1,312			
2024-28 SAV RES 004	Property	Corporate disposals programme	-400	-300		
2024-28 SAV RES 005	Property and Facilities Management	Review of Town Hall Campus	-100	-350		
	Total of proposed savings		-6,672	-1,020	0	0

Demand Pressures

Pro-Forma	Division	Description	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
	Incremental/new demand pressures identified in the 2023-24 Medium Term Financial Plan					
2023 MTFS	Commercial Investment	Increase in business rates payable by Croydon in line with the 2022 Rates Revaluation	750			
2023 MTFS	Insurance, Risk & Anti Fraud	Insurance Fund growth	400			
	Incremental/new demand pressures identified in the 2024-25 Medium Term Financial Plan					
2024-28 GRO RES 001	Finance	Strategic Finance Staffing	536			
	Total of Demand Pressures		1,686	0	0	0

Legacy Budget Corrections

All figures are incremental

Pro-Forma	Division	Description	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
2023 MTFS	Finance	Housing Benefit Subsidy - Loss on HB Payments with Care Package Element	500	500	500	500
	Total legacy budget corrections		500	500	500	500

Net Budget Movement

Resources	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Proposed Savings	-6,672	-1,020	0	0
Demand Pressures	1,686	0	0	0
Legacy Budget Corrections	500	500	500	500
Net Budget Movement	-4,486	-520	500	500

Corporate / Council wide - Budget Proposals

Savings and Change proposals

Figures are incremental

Pro-forma	Division	Description	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Incremental/New savings identified in the 2023-24 Medium Term Financial Plan						
2023 MTFS	Council wide	Customer access (council wide)	-1,500			
Opportunities Identified in the 2024-25 Medium Term Financial Plan						
Transformation Projects						
2024-28 SAV CORP 002	Corporate Items	Decrease to borrowing cost budget from asset disposals	-2,090			
Total of proposed savings			-3,590	0	0	-

Demand Pressures

Figures are incremental

	Division	Description	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Incremental/new demand pressures identified in the 2023-24 Medium Term Financial Plan						
2023 MTFS	Corporate Items	Increase in external levies	49	26	26	27
2023 MTFS	Corporate Items	Apprenticeship levy	22	13	14	14
Total demand pressures			71	39	40	41

Net Budget Movement

Figures are incremental

Corporate / Council Wide	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Proposed Savings	-3,590	0	0	0
Demand Pressures	71	39	40	41
Net Budget Movement	-3,519	39	40	41

Corporate MTFS Proposals which Impact on Funding

Division	Description	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
2024 MTFS Proposals that increase budgeted council tax income					
Finance	Empty property & second home premium	-317	-353		
Finance	Out of borough care leavers relief scheme to be reviewed - increase to Council Tax income	-138			
Finance	Council Tax - debt recovery on Council Tax support recipients (Cabinet paper during 2023)	-420			
Finance	Council Tax support scheme income bandings change by CPI - will factor in	-211			
Increase in Council Tax Forecast		-1,086	-353	0	0
2024 MTFS Proposals that increase budgeted business rates					
Finance	Business Rates income optimisation - increase base through external partner	-239			
Finance	Business Rates major developments - increase to base for growth	-263	-263		
Finance	Business Rates - factor in S31 grant based on higher CPI of 6% instead of 4.5%	-1,435			
Increase in business rates forecast		-1,937	-263	0	0
Total Forecast Increase in Resources		- 3,023	- 616	-	-

2024-25 Budget Setting - Details of New Savings and Growth Proposals							Appendix B1		
Saving/Growth	Directorate	Reference	Title	Description	Staffing Impact	2024-25 New Proposal (£000's)	2025-26 New Proposal (£000's)	2026-27 New Proposal (£000's)	2027-28 New Proposal (£000's)
Saving	ASCH	2024-28 SAV ASCH 001	ASC Transformation	It is expected that the 2024-25 savings will be delivered through a mixture of ensuring packages of care are reviewed, meeting an individual's current needs and through managing demand; leading to better outcomes for better value. Please note that the savings figures for 2025-26 and 2026-27 are indicative only. They will be reviewed in 2024-25 following completion of a diagnostic review of the Adult Social Care and Health directorate with an external delivery partner.	None.	(5,000)	(4,000)	(4,000)	-
Saving	ACE	2024-28 SAV ACE 001	Fees and charges including film office income generation	This saving relates to inflationary increases to fees and charges and also includes a proposal to increase the amount of income generated by fees for commercial filming in the borough, through the introduction of new film-friendly policies to encourage production companies to come to Croydon.	None.	(66)	(26)	(26)	(26)
Saving	ACE	2024-28 SAV ACE 002	HR Transformation	The HR&OD transformation will seek to radically change the service using the McKinsey 7S approach to change management meaning it will be much more transformative than a simple structural change. In overall terms the transformation will aim to move the function from being an administrator/controller function to a greater level of maturity to become a true change agent and business partner. Each of the current functions will be subject to a root and branch review - positioning the function to support the whole council in the delivery of the People and Cultural Transformation Strategy, working in modern, efficient ways, utilising digital and technology where possible to yield efficiency and savings.	Yes. A reduction from the current 43 FTE depending on the transformational review. The change process would result in structural change and would adhere to the Council's restructuring and reorganisation policy and procedure.	(50)	(50)	-	-
Saving	ACE	2024-28 SAV ACE 003	Reverse Equality, Diversity and Inclusion team expansion	For the past two years the Council's Equality, Diversity and Inclusion (EDI) team has been made up of two FTE posts. In 2023 it was agreed to increase this by one FTE to increase capacity. This proposal would reduce capacity back to previous levels and would require a reduction in the project work of the EDI team and a refocusing on ensuring compliance of our statutory duties, primarily through Equality Impact Assessments and providing advice and support to the wider organisation. The Equalities Officer post is currently vacant (filled by temporary agency cover) and would be deleted.	Deletion of vacant post.	(51)	-	-	-
Saving	ACE	2024-28 SAV ACE 004	Concessionary Fares reduced activity	The Freedom Pass gives travel concessions to older and disabled residents of Transport for London (TfL) services, funded by London boroughs and government. The costs are based on the number of journeys made over the previous 2 years. Usage fell significantly in 2020-21 due to Covid and has not returned yet to pre-pandemic levels. The ongoing cost has been estimated at median level and will need to be reviewed on an annual basis to take account of the latest travel data. This saving represents a reduction against the previous growth assumptions in the MTFs.	None.	(1,037)	(815)	-	-
Saving	ACE	2024-28 SAV ACE 005	Delete vacant PPP National Graduate Development Programme (NGDP) trainee post	The structure for the recently established Strategy and Policy Service in Policy, Programmes and Performance included a new National Graduate Development Programme (NGDP) trainee role to support cross working between the Policy, Equalities and Communities teams and the wider organisation. Whilst this would be a useful role and would provide additional capacity for cross-cutting projects and policy development work, it is currently vacant and could be deleted with minimal impact.	Deletion of vacant post.	(42)	-	-	-
Saving	ACE	2024-28 SAV ACE 006	Substitution funding from Public Health Grant and COMF Grant	The ringfenced Public Health grant and Community Outbreak Management Fund (COMF) grant will be allocated to fund eligible expenditure across the Council, replacing funding from the General Fund to produce a General Fund saving. There will be no direct reduction in services through this substitution of funding, however Public Health input will help with monitoring and improving service outcomes. The allocations will be reviewed on an annual basis.	None.	(3,000)	-	-	-
Saving	CYPE	2024-28 SAV CYPE 001	Children's Social Care staffing budget realignment	Children's social care staffing budgets are costed with a 5% vacancy rate and assume appointment at the top of the scale for forecasting. The expected turnover of staff across a large service and the targeted recruitment of newly-qualified staff to 'grow our own' skilled workforce indicates that the staffing budget could be set at mid-point of the salary scale for front line staff. Manager posts would not be included to ensure there is potential to appoint across the pay range to attract new managers when required.	None.	(1,110)	-	-	-
Saving	CYPE	2024-28 SAV CYPE 002	Croydon Safeguarding Children Partnership restructure	Comparisons with other councils indicate that the business unit supporting the Croydon Safeguarding Children Partnership (CSCP) could be reduced. The unit is funded by the statutory partners - health, the police and the council. The Council makes the biggest contribution to costs. A restructure of the business unit as part of the Safeguarding and Quality Assurance service will reduce back-office staff and non-staffing costs and seek to increase partners' contributions in cash or in kind. It will not impact front-line service provision.	This could reduce the back-office establishment from 6 FTE to 5 FTE.	(50)	-	-	-
Saving	CYPE	2024-28 SAV CYPE 003	Review of Children Looked After placements	The Corporate Parenting Transformation Programme is about transforming Croydon's approach to its whole council corporate parenting responsibilities and achieving value for the Croydon pound. The current programme of work to deliver the MTFs aims to reduce additional placement costs by £300k per year through placing 10 children in In-House Foster Care provision rather than IFAs, and to place 2 children in In House Foster Care provision rather than Semi-Independent. The ambition of the Corporate Parenting Transformation Programme looks to increase these numbers creating a cost avoidance of over £1.2m (an additional £900k).	None.	(900)	-	-	-
Saving	Housing	2024-28 SAV HSG 001	Demand management	200 households present as homeless per month on average, of which 120 are placed into emergency accommodation, a rate of 60% placement. Lowest cost boroughs for homelessness have a rate of up to 40% placement on presentation. This saving is based on Croydon achieving improved prevention outcomes which will result in less placements in emergency accommodation. This will require embedded change in working practice, staff training and increased management support and oversight.	None.	-	-	(653)	-
Saving	Housing	2024-28 SAV HSG 002	Supported Housing contracts review	Review of externally commissioned supported accommodation contracts to identify value for money and outcomes delivered for each of the schemes against Council objectives. The savings are based on 10% efficiencies against the annual contract value across five contracts. This review will be conducted with the input of Adults and Children's Services, including to identify alternative accommodation for care experienced young people.	None.	-	-	(240)	-
Saving	Housing	2024-28 SAV HSG 003	No Recourse to Public Funds	This service is demand led but has made consistent savings since a restructure in 2017-18. Further savings can be offered following a £0.3m underspend in 2022-23. Risk remains that higher cost placements can present without a chance to mitigate leading to increased cost.	None.	-	-	(100)	-
Saving	Resources	2024-28 SAV RES 001	Energy management and utilities cost recovery	Improvements for managing energy and other utilities costs. This will ensure that utilities (including gas, oil, electricity and water) costs are fully recovered from tenants, external agencies and occupiers of Council property. Utilities unit costs are also expected to decrease from recent high levels and usage to decrease as a result of the asset disposals programme.	None.	(2,250)	-	-	-
Saving	Resources	2024-28 SAV RES 002	Review of document storage	The proposal will result in a reduction of, and more cost effective, storage of documents across the Council including the Iron Mountain contracted service.	None.	(10)	(40)	-	-
Saving	Resources	2024-28 SAV RES 003	Review of postage and mail scanning across the Council	High volumes of incoming post are already being scanned by the Council. The systems are not yet complete, with issues around where does scanned mail get sent and who reviews the scanned documents. This proposal contributes to the Council's aspiration to become paperless. All services will be impacted that receive mail. There will be a redesign in staff roles and a potential staffing reduction.	Potential reduction from 5 FTE to 4 FTE from 2025-26.	(30)	(80)	-	-
Saving	Resources	2024-28 SAV RES 004	Corporate Disposals Programme	Operational savings achieved through the disposal of property assets. This will include both hard and soft Facilities Management activities, repairs and maintenance, and insurance.	None.	(400)	(300)	-	-
Saving	Resources	2024-28 SAV RES 005	Review of Town Hall Campus	Review and investigate better utilisation of the Town Hall for service delivery, rationalisation of asset and property use, and more efficient use of current property assets.	May result in relocation of services/staff.	(100)	(350)	-	-
Saving	Resources	2024-28 SAV RES 006	Review of Procurement Team	Review the number and scale of Procurement Team staffing required to support Council activities moving forward. This will involve a redesign of staffing roles and a reduction in posts.	Potential redundancies, job sharing and job amalgamation.	(120)	(170)	-	-
Saving	Resources	2024-28 SAV RES 007	PFI contracts review	Review to reduce Unitary charges through market test avoidance negotiations, reduce annual RPI indexation, and improve office consolidation to release office space for rental.	Outside of contract milestones, inputted labour can be reduced by 25% enabling the PFI contract manager to work on cost saving initiatives in other sectors.	(241)	(520)	-	-
Saving	Resources	2024-28 SAV RES 008	Review of property and resources related charges to residents	To seek to ensure that the Council secures 100% cost recovery of both property/facilities management and legal resources for undertaking property/lease transactions at the request of residents, homeowners and businesses.	None.	(50)	(150)	-	-
Saving	Resources	2024-28 SAV RES 009	Review directorate location of Education Capital Delivery Team	To review the most effective and efficient location of the Education capital delivery team, which is currently located within the Housing team, to improve service delivery and performance. This could integrate the team into the Property Team.	A redesign of staff roles and potential redundancies from reduced number of posts.	(250)	(100)	-	-
Saving	Resources	2024-28 SAV RES 010	Increasing advertising income from Council assets and property	Income generation from advertising (static and electronic) across the Council's property and land portfolio.	None.	(50)	(100)	-	-

Saving/Growth	Directorate	Reference	Title	Description	Staffing Impact	2024-25 New Proposal (£000's)	2025-26 New Proposal (£000's)	2026-27 New Proposal (£000's)	2027-28 New Proposal (£000's)
Saving	Resources	2024-28 SAV RES 011	Increased bailiff fee income - Council Tax and Business Rates collection	This saving relates to a continuation of external enforcement in relation to debt collection. The proposed change is to utilise the services of One Source (initially as a pilot) alongside current external enforcement agents. The saving will be achieved through an increase in bailiff fee income related to collection of debts for overdue Council Tax and Business Rates. The agreement with One Source will be on a fee sharing basis, which provides the Council with 40% (rising to 45%) of the bailiff fees collected by One Source.	None.	(40)	-	-	-
Saving	Resources	2024-28 SAV RES 012	Housing Benefit subsidy transformation	The Council does not receive 100% subsidy back on some Housing Benefit expenditure including the areas of Support Exempt Accommodation (SEA) and Temporary Accommodation (TA). Transformation and review of both these areas will reduce the subsidy loss by supporting care users to maximise their claims for eligible housing benefit support from DWP towards their accommodation costs. The proposed savings also include improved collection of housing benefit overpayments. There is already an agreed saving in the MTFs "23-24 RES Sav 14 Housing benefit review (transformation project)" of £1.312m in 2024-25. This proposed saving is in addition to the existing saving. The total proposed extra saving for 2024-25 of £1.156m includes the one-off extra benefit due to increased Housing Benefits overpayment collection, which then reduces in future years due to the roll-out of Universal Credit replacing Housing Benefit. Therefore the ongoing saving from 2025-26 reduces to £0.366m.	None.	(1,156)	790	-	-
Saving	Resources	2024-28 SAV RES 013	Support Services & Development Team - staffing efficiencies	There is an existing MTFs saving for 2023-24 and 2024-25 totalling £60k related to the restructure of the Technical Support & Development (TSD) and Resource Planning and Management Information (RPM) teams. The £60k saving was estimated, however further review has taken place and the restructure is expected to now save £108k from year 2 (2024-25). The team will be able to continue to provide critical business as usual (BAU) administration and system development whilst also having capacity to provide enhancements and continued improvements to the revenues and benefits service, with a focus on automation and digitalisation.	Reduction in establishment from 6.75 FTE to 5 FTE.	(48)	-	-	-
Saving	Resources	2024-28 SAV RES 014	Reduce spend on external solicitors	The proposal is to reduce the Council's spend on external Solicitors by: a) restructuring Legal Services and shifting staffing resources and increasing capacity and expertise in areas of work that are usually outsourced; and b) an 'invest to save' arrangement i.e. invest in the capacity and expertise in-house through recruitment and reduce the level of work outsourced. The hourly cost of the in-house provision is significantly cheaper than external.	Increase in establishment posts of the inhouse legal service.	(281)	-	-	-
Saving	SCRER	2024-28 SAV SCRER 001	Community Infrastructure Levy (CIL) funding substitution for CCTV	Continuation of current CIL funding towards eligible expenditure. This will be reviewed on an annual basis to take account of available funding levels.	None.	(150)	150	-	-
Saving	SCRER	2024-28 SAV SCRER 002	Fees and charges - Changes to parking policy	This proposal is linked to the parking policy transformation. Consultation on the draft parking policy is currently taking place. Changes to the parking fees and charges will be proposed in a separate report to Cabinet following the outcome of the consultation process and evaluation of feedback from that consultation.	None.	(951)	-	-	-
Saving	SCRER	2024-28 SAV SCRER 003	Deletion of posts in Spatial Planning & Regeneration	Deletion of one Senior Affordable Housing Enabling Officer post and one Placemaking Project Officer post.	Reduction in establishment from 16 FTE to 14 FTE.	(122)	-	-	-
Saving	SCRER	2024-28 SAV SCRER 004	Strategic Transport	Reduction in Professional Services budget and recharge of Head of Service project time spent delivering externally funded projects.	None.	(65)	-	-	-
Saving	SCRER	2024-28 SAV SCRER 005	Employment, Skills & Economic Development	Externally fund 50% of the Employment, Skills & Apprenticeship Officer role (through the Apprenticeship Academy - Croydon Works - UKSPF People & Skills Funding), and to reduce legal and professional in year costs by £30k (these will be claimed through the UKSPF Funding).	None.	(60)	-	-	-
Saving	SCRER	2024-28 SAV SCRER 006	Deferral of highways maintenance	Deferral of previously agreed highways maintenance growth by one year from 2024-25 to 2025-26.	None.	(1,000)	1,000	-	-
Saving	SCRER	2024-28 SAV SCRER 007	Fees and charges	This saving relates to income generation across the SCRER directorate through inflationary increases to existing charges.	None.	-	(200)	-	-
Saving	SCRER	2024-28 SAV SCRER 008	Charging for replacement waste containers	Currently the Council provides all new and replacement containers free of charge to residents. There is a charge for commercial containers and for those provided to developers and managing agents. The scheme would see the introduction of an administration fee including a delivery charge for the provision of waste containers to all households. (Note food waste containers would remain free of charge).	None.	(30)	-	-	-
Saving	SCRER	2024-28 SAV SCRER 009	Clinical waste – remodelled service offer (sanitary/offensive waste)	Under current legislation non hazardous clinical waste can be collected and disposed of alongside the general waste collection service. This includes the collection of offensive waste such as sanitary waste, nappies, medical dressing, etc. Note this excludes the collection of sharps ie needles. Currently households requiring the disposal of offensive waste are able to request a separate clinical waste collection. This service is provided on our behalf through our waste collection contract with Veolia.	None.	(30)	-	-	-
Saving	Corporate	2024-28 SAV CORP 001	Decrease to borrowing cost budget from asset disposals	This saving relates to the reduced cost of borrowing (in the Minimum Revenue Provision debt budget) owing to the asset disposal programme over-achievement against the original £50m per annum target. The over-achievement is partly due to the closure of the Brick by Brick housing company.	None.	(2,090)	-	-	-
Total New Savings Proposals						(20,830)	(4,961)	(5,019)	(26)
Growth	ASCH	2024-28 GRO ASCH 001	ASC Demography	This growth bid is for demographic growth that is forecast for the Adult Social Care & Health Directorate. This reflects recognised 'best practice' for local councils to plan and budget for demand led pressures in Adult Social Care. The annual increase of 4% used reflects advice from Partners in Care & Health and is supported by the 2023 ADASS Spring Survey.	None.	4,530	4,712	4,900	5,096
Growth	Resources	2024-28 GRO RES 001	Strategic Finance Staffing	Structural change to: Match service finance teams (Heads of Strategic Finance) to directorate structure; Strengthen Chief Accountant's Team for closing of accounts (prior year accounts and external audit queries), internal/external financial reporting and systems/training/guidance improvements for finance and service staff. Grow our own staff due to labour market difficulties through CIPFA trainees and AAT (local apprenticeship) trainees; Action recommendations from reports (internal and external audit, CIPFA Financial Model, Capital, RPI's and Opening the Books); Support Council-wide improvement projects and move to financial sustainability – transformation, savings and capital/regeneration.	Proposed increase in establishment from 44.8 FTE to 59 FTE.	536	-	-	-
Growth	SCRER	2024-28 GRO SCRER 001	Full time apprentice for resilience and emergency planning team and increase in on call payments to volunteers for emergency response	This proposes that a full time apprentice is procured for the Corporate Resilience Team to support with administrative tasks and take on Business Continuity workload. It will reduce some of the pressures and continued demands accruing from incidents, and allow the team to work through the backlog of outdated plans and procedures that need to be reviewed. This proposal is also to increase the amount of money on call emergency response volunteers receive when performing their duties. Response relies heavily on volunteers, and under the Resilience Standards for London, we are expected to deliver an effective response to major incidents from within our own staff before requesting mutual aid for 48 hours (based on 8 hour shifts).	Increase of 1 FTE Apprentice post.	32	-	-	-
Growth	SCRER	2024-28 GRO SCRER 002	Contract management support for large, platinum & gold level contracts	There are two large, complex, platinum level contracts that sit within Culture, Leisure and Libraries that currently have no dedicated contract support. Both the Fairfield Halls contract (circa £180m) and the GLL contract (circa £160m). This proposal is to create one FTE to manage contracts within the service, as a full time position.	Increase of 1 FTE contract management post.	70	-	-	-
Growth	SCRER	2024-28 GRO SCRER 003	SEND Transport – Student Number Cost Driver	The intention of this growth bid is to consider the continuing student number increases within the Home to School SEND Transport cohort which is a direct consequence of legislative changes from the Children and Families Act 2014 (which increased the educational age to 25, and also implemented the Education and Health Care Plan process (EHCP)). The Council has a statutory responsibility to facilitate access to schooling and education for students 5-25. The growth represents a 5% increase in line with annual student number increases demonstrated over the last 5 years.	None.	620	-	-	-
Growth	SCRER	2024-28 GRO SCRER 004	Rightsize Highways staff recharge budget	There is a need to rightsize the Highways staff recharge budget. The level that the recharge is set at is too high due to 3 factors: 1. the 15% reduction in headcount in 2020 took staff costs out of the budget but did not proportionately reduce the income recharge target; 2. the Transport for London (TfL) Local Implementation Plan staff recharge is based on a much greater TfL LIP settlement than we are currently receiving (circa £3m vs £1.5m current), but the recharge has not been reduced in line with the reduction in LIP settlement; 3. the NRSWA legislation change in April 2023 has altered the process for inspections on utility works, and this in turn has had a knock on impact to the NRSWA recharge matrix for recharging costs to the utilities. These three factors mean that there is a £306k pressure on the highways budget, so growth is requested to rightsize this.	None.	306	-	-	-
Total New Growth Proposals						6,094	4,712	4,900	5,096

Croydon - Grants Forecast based on the 2023/24 Final Local Government Finance Settlement

	Final LGFS	Future Forecast				Comments
	2023/24	2024/25***	2025/26****	2026/27	2027/28	
	£'m	£'m	£'m	£'m	£'m	
Improved Better Care Fund	9.978	9.978	10.178	10.381	10.589	
Services Grant	2.994	0				Assumes 2023/24 is the final year.
New Homes Bonus	1.646	0	-	-	-	Assumes 2023/24 is the final year.
EFA Education Services Grant	1.967	1.967	2.006	2.046	2.087	Not yet confirmed
DWP Housing Benefit Admin Grant	1.350	1.350	1.377	1.405	1.433	Check - £1.52m in 22/23. 23/24 not yet confirmed.
Social Care Grant	18.999	28.257	28.822	29.399	29.987	London Councils modelling - repurposed funding from delaying charging reform
Independent Living Fund*	-0.960	-0.960	-0.960	-0.960	-0.960	Grant rolled into Social Care Grant
Centrally Retained DSG**	2.056	2.056	2.097	2.139	2.182	Subject to review against actual commitments
One-off Business Rates levy surplus distribution 2022 to 2023	0.621					New allocation announced in the Final 2023/24 LGFS. Payable in 2022/23 but assumed for use in 2023/24
Core Grant Funding	38.651	42.648	43.520	44.410	45.317	Budgeted for Corporately
New Adult Social Care discharge fund	1.399	2.331	2.378	2.425	2.474	Budgeted for within Adult Social Care
Market sustainability and Improvement fund	3.281	4.934	5.033	5.133	5.236	Budgeted for within Adult Social Care
Adult Social Care Grants	4.680	7.265	7.410	7.559	7.710	
Revenue Support Grant	16.711	17.628	17.981	18.340	18.707	5.5% increase in 24/25 (London Councils modelling)
Total All Grants	60.042	67.541	68.911	70.308	71.734	
Net movement against the prior year						
Core Grants		3.997	0.872	0.890	0.907	
Revenue Support Grant		0.917	0.353	0.360	0.367	
General Grants		4.914	1.225	1.249	1.274	
Adult Social Care		2.585	0.145	0.148	0.151	
		7.499	1.370	1.397	1.425	

* The Independent Living Fund grant is budgeted for within Adult Social Care.

The grant forms part of the social care grant allocation for 2023/34. To equalise the base 2023/24 position it is shown as a deduction from core grants as this funding will need to offset the ASC pressure.

** Local authorities can apply for protection if their historical prudential borrowing costs exceed the 2023/24 grant allocation. Review is in progress to establish if Croydon may receive such protection. The current forecast assumes it does not.

*** The 2024/25 forecast is based on analysis by London Council's (22 December 2022)

**** An underlying annual uplift of 2% is assumed for all grants beyond 2024/25.

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Business Rates - Forecast

	2023/24	2024/25	2025/26	2026/27	2027/28	
	£'m	£'m	£'m	£'m	£'m	
Section 31 grant for underindexing the business rates multiplier	12.419	12.419	12.419	12.419	12.419	In line with the NNDR1 Return for 2023/24. Assume no future growth given economic slowdown risk
Business Rates-top-up grant	35.921	37.864	40.005	40.805	41.621	2023/24 as per the LGFS. 2024/25 & 2025/26 uprated in line with LG Futures modelling. Years thereafter uprated by an assumed 2% per annum
In-Year Business Rates Income	32.168	33.909	33.909	33.909	33.909	Croydon 30% share of business rates income collected. Estimate based on the 2023/24 NNDR1. Assume no future uplift given risk of economic slowdown.
Other section 31 grants (for business rate reliefs)	10.338	11.479	11.479	11.479	11.479	Based on NNDR1 for 2023/24 and LG Futures modelling. Assume no future growth given economic slowdown risk.
Prior Year Adjustments	-12.215	0	0	0	0	Arising from prior year rebates
Draw down from business rates reserve	12.215	0	0	0	0	Reserve c/fwd to 23/24 of £19.633m funded from section 31 grants received for covid business rate reliefs. This is matched against the prior year adjustments.
2024-25 Budget proposals		1.937	2.200	2.200	2.200	Impact of new developments and allowance for inflation
Total - All Business Rates	90.846	97.608	100.012	100.812	101.628	

Croydon Budget Presentation

Section 31 grant for underindexing the business rates multiplier	12.419	12.419	12.419	12.419	12.419
Business Rates Income	78.427	85.189	87.593	88.393	89.209
Total	90.846	97.608	100.012	100.812	101.628

Notes:

- A business rates revaluation is effective from 1 April 2023. The impact should be neutral but the split between income and the top-up grant may change. Transitional reliefs may also apply and change the level of section 31 grants.
- This forecast is based on the NNDR1 submitted in January 2023.
- The business rates system is due to be rebased from 2025/26. For the purpose of this forecast the impact is assumed to be neutral.
- Croydon will carry forward a business rate relief reserve of £19.633m to 2023/24. This was funded from government section 31 grant received in respect of business rate reliefs provided during Covid. The reserve is now matched against the prior year business rate adjustments arising from the impact of Covid.

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Budget Setting Timetable 2024-25

Date of Meeting / Task	Meeting and Agenda
Tue 17 October 2023	Task Publish October Cabinet paper
TBC	Scrutiny & Overview Committee (October Cabinet papers) 2024-28 Medium Term Financial Strategy Update - budget engagement launch - list of potential new savings and growth - budget setting timetable
Wed 25 October 2023	Corporate Management Team (December Cabinet papers) Fees and Charges 2024-25 Capital Programme and Capital Strategy 2023-29 HRA Business Plan and Budget Update 2024-25 HRA Rent Setting 2024-25
Wed 25 October 2023	CABINET 2024-28 Medium Term Financial Strategy Update - budget engagement launch - list of potential new savings and growth - budget setting timetable
Mon 30 October 2023	Task Budget Consultation - commence Monday 6 November to Sunday 17 December (six weeks) - Include list of potential savings
Mon 06 November 2023	Mayor's Advisory Board (December Cabinet papers) Fees and Charges 2024-25 Capital Programme and Capital Strategy 2023-29 HRA Business Plan and Budget Update 2024-25 HRA Rent Setting 2024-25
November 2023	Task Council Taxbase calculation agreed by s151 Officer
DATE TBC	Chancellor's Autumn Statement - 2023 Spending Review
TBC	Scrutiny & Overview Committee (December Cabinet papers) Fees and Charges 2024-25 Capital Programme and Capital Strategy 2023-29 HRA Business Plan and Budget Update 2024-25 HRA Rent Setting 2024-25
Wed 06 December 2023	CABINET Fees and Charges 2024-25 Capital Programme and Capital Strategy 2023-29 HRA Business Plan and Budget Update 2024-25 HRA Rent Setting 2024-25
December 2023	Corporate Management Team Budget 2024-25 and Medium Term Financial Strategy 2024-28 Treasury Management Strategy Statement, Investment Strategy and Minimum Revenue Provision Policy Statement 2024-25
December 2023	Mayor's Advisory Board Budget 2024-25 and Medium Term Financial Strategy 2024-28 Treasury Management Strategy Statement, Investment Strategy and Minimum Revenue Provision Policy Statement 2024-25
DATE TBC	Provisional Local Government Finance Settlement – specific details received
TBC - December	School's Forum
Wed 10 January 2024	Scrutiny & Overview - Initial budget proposals to be sent to SOC not less than 4 weeks before Cabinet budget meeting Budget 2024-25 and Medium Term Financial Strategy 2024-28 - initial budget proposals
DATE TBC	Final Local Government Finance Settlement – specific details received
Mon 22 January 2024	Scrutiny & Overview Committee - Budget Scrutiny Meeting Budget 2024-25 and Medium Term Financial Strategy 2024-28 Treasury Management Strategy Statement, Investment Strategy and Minimum Revenue Provision Policy Statement 2024-25
TBC	DLUHC - confirmation letter regarding capitalisation direction or other support
Wed 07 February 2024	CABINET - Budget Meeting Budget 2024-25 and Medium Term Financial Strategy 2024-28 Treasury Management Strategy Statement, Investment Strategy and Minimum Revenue Provision Policy Statement 2024-25
Thu 22 February 2024	GLA Council Tax Setting Meeting
Wed 28 February 2024	FULL COUNCIL - Budget Meeting The Council's Budget 2024-25 and Medium Term Financial Strategy 2024-28 - includes Treasury Management Strategy Statement, Investment Strategy and Minimum Revenue Provision Policy Statement 2024-25
Wed 06 March 2024	FULL COUNCIL - Budget Meeting (reserve) The Council's Budget 2024-25 and Medium Term Financial Strategy 2024-28 - includes Treasury Management Strategy Statement, Investment Strategy and Minimum Revenue Provision Policy Statement 2024-25

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Croydon Specific Unfunded New Financial Pressures and Services

Unaccompanied Asylum Seeking Children	<p>Unaccompanied Asylum Seeking Children (UASC) are children and young people who are seeking asylum in the UK but who have been separated from their parents or carers. While their claim is processed, they are cared for by a local authority. The local authority in which the child first presents is normally responsible for their care. As the Asylum Intake Unit is in Croydon this has put disproportionate pressure on local authorities such as Croydon.</p> <p>While at April 2022, the number of UASC young people was 108 which was itself a reduction of 97 on April 2021, as at August 2023 there remain 92. While grant funding is received for almost all and covers their direct care costs, they do consume capacity in the foster care system. Consequently, 30 of Croydon's non UASC children requiring care are looked after by an Independent Fostering Agency which is more than double the cost of in-house foster carers. The unfunded financial pressure to Croydon is £0.65m per annum.</p>
Former Unaccompanied Asylum Seeking Children cohort now over 18 years	<p>The growing financial pressure on Croydon is caused by the former UASC cohort who have now reached the age of 18 and are liable for ongoing support to 25. In total there are 452 former UASC and 92 current UASC for which Croydon provides a support team of 35 FTE in addition to the Home Office funded 4 FTE. Additionally, the Council bears the housing costs of over 18 Cohort. The unfunded financial pressure to Croydon is £2.7m per annum.</p>
Private Care Homes	<p>Due to the size of the care home market in Croydon and increases in care costs, there is a risk that self-funders will become eligible for adult social care means tested funding more quickly. This may have a significant impact on the budget.</p>
Council Tax Discount and Temporary Accommodation.	<p>Croydon has triple the London average of Care Leavers and double the next highest London Borough (Hillingdon). The disproportionate cost to Croydon is £1.25m.</p>
Education and social care	<p>Education and social care responsibility for families that move into the borough through the asylum system. Education and Children's social care responsibility for all placements in the borough by other councils. The Council is disproportionately impacted due to its relatively cheaper</p>

	accommodation costs drawing in large numbers of placements from outside the borough. Adult social care is put under pressure from the disproportionate number of homes aimed at the elderly and residential care homes in the borough. This draws in an older population and people living with disabilities who are initially self-funding but who often eventually have to turn to council support.
Transport Road Maintenance	Croydon has the largest road network length in London. It is disproportionately impacted by funding shortfalls.

Unfunded financial pressures on local government and the impact on Croydon

Council Tax Support	Council tax benefit was funded 100% by the government prior to 2013. Local authorities were asked to design their own Local Council Tax Support schemes from 2013 with funding cut by 10% (but more like 19%). Since 2013 no account has been taken of the increase in the cost of the LCTS scheme due to the change in council tax levels and caseload numbers. The cost to Croydon is £5m+ per annum.
Population Growth	Based on the 2021 census data the Croydon population size has increased by 7.5% from 363,400 in 2011 to 390,800 in 2021. Government funding streams have not been adjusted upwards to recognize such population pressure. The shortfall is estimated at £7m per annum.
Housing Benefit - Supported Exempted Accommodation	This accommodation is intended for people with support needs such as recent prison leavers; care leavers; those fleeing domestic violence; and homeless people with substance dependence or mental health issues. Croydon receives 100% housing benefit subsidy if the accommodation is provided by a Registered Social Landlord, but Croydon does not get 100% subsidy if the Landlord is a charity or a not-for-profit organisation. The shortfall in government funding is estimated at £6m per year for Croydon.
No Recourse to Public Funds/Appeal Rights Exhausted cohort	No Recourse to Public Funds/Appeal Rights Exhausted A person will be subject to immigration control when they have one of the following types of immigration status: Leave to enter or remain, which is subject to the 'No Recourse to Public Funds' (NRPF) condition, such as: Leave to enter as a visitor. Leave to remain as a spouse. The Council currently supports 31 NRPF persons and 5 Appeal Rights Exhausted persons placed in temporary accommodation. The unfunded financial pressure to Croydon is £0.82m in 2023/24 and was £0.97m in 2022/23.

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Best Case				
Figures are cumulative	2024-25	2025-26	2026-27	2027-28
	£'m	£'m	£'m	£'m
Current forecast budget deficit net of savings	6.0	1.9	0.3	0.3
Inflation	-4.8	-8.3	-11.8	-15.3
Demand & demographic pressures	-0.5	-3.5	-7.0	-10.9
Net cost of borrowing	-1.7	-3.7	-5.9	-8.2
Benefit from asset disposal programme	0.5	1.0	1.5	1.5
Government grants	-3.8	-5.3	-6.8	-8.3
Business Rates	-0.8	-1.6	-2.4	-3.2
Council Tax	-0.6	-1.2	-1.8	-2.4
Transformation	-1.0	-1.0	-1.0	-1.0
Savings	0.0	-7.5	-15.0	-22.5
Adjustment to net cost of borrowing re assumed use of capitalisation directives		-0.5	-2.4	-4.2
Net Change	-12.7	-31.6	-52.6	-74.5
Updated deficit net of savings	-6.7	-29.7	-52.3	-74.2
Current assumed capitalisation direction	38.0	38.0	38.0	38.0
Adjustment for best case surplus	-6.7	-29.7	-52.3	-74.2
Updated capitalisation directive	31.3	8.3	0.0	0.0
Best Case Assumptions				
1. Inflation - 1% less than main forecast.				
2. Demand & demographic pressures - part funding of 2023-24 growth (Finance) from reserves. Future years growth restricted to the level currently provided for 24-25 (below trend average)				
3. Net cost of borrowing - interest rate 1% less than 6% currently assumed				
4. Benefit of asset disposal programme - lower saving if 1% interest rate reduction assumed				
5. Government grants - New Homes Bonus Grant & Service grant of £4.6m currently modelled to cease in 2024-25. Best case assumes 50% (£2.3m) will continue. Also assume extra grant uplift of 2.5% in recognition of inflation.				
6. Business rates - assume extra 2% core growth in local retained business rates				
7. Council tax - assume extra 0.5% taxbase growth (in addition to trend growth of 1.18% currently modelled)				
8. Transformation - Reduction of £1m in £5m core budget - through cost control/use of reserves.				
9. Savings- increase target savings of £20m beyond 24-25 to 7.5% of the budget requirement				
10. Net cost of borrowing - the lower use of capitalisation directions feeds through to a lower net cost of borrowing. Modelled at 8% (2% minimum revenue provision & 6% interest) in the subsequent year				

Worst Case				
Figures are cumulative	2024-25	2025-26	2026-27	2027-28
	£'m	£'m	£'m	£'m
Current forecast budget deficit net of savings	6.0	1.9	0.3	0.3
Inflation	9.7	16.5	23.3	30.1
Demand & demographic pressures	3.0	6.0	9.0	12.0
Net cost of borrowing	1.7	3.7	5.9	8.2
Benefit from asset disposal programme	-0.5	-1.0	-1.5	-1.5
Government grants	1.4	2.8	4.2	5.6
Business Rates	5.5	5.5	5.5	5.5
Council Tax	1.2	2.4	3.6	4.8
Transformation	5.0	5.0	5.0	5.0
Savings	0.0	2.0	4.0	6.0
Adjustment to net cost of borrowing re assumed use of capitalisation directives		2.6	3.8	5.0
Net Change	27.0	45.5	62.8	80.7
Updated deficit	33.0	47.4	63.1	81.0
Current assumed capitalisation direction	38.0	38.0	38.0	38.0
Adjustment for worst case budget deficit increase	33.0	47.4	63.1	81.0
Updated capitalisation directive	71.0	85.4	101.1	119.0
Worst Case Assumptions				
1. Inflation - 2% more than main forecast. Variance greater than best case as an upside risk.				
2. Demand & demographic pressures - model 5% core growth for ASC rather than 4%				
An extra £2m for all other services.				
3. Net cost of borrowing - interest rate 1% more than 6% currently assumed				
4. Benefit of asset disposal programme - greater saving if 1% interest rate increase assumed				
5. Government grants - grant flatlines in response to government spending controls.				
6. Business rates - assume funded at the 'safety net level'. Risk of economic downturn				
7. Council tax - assume taxbase growth 0.5% lower than trend				
Collection rate reduced from 97.5% to 97% due to economic downturn risk.				
8. Transformation. Scale of budget challenge requires continuation at £10m per annum.				
9. Savings- allowance for 10% non-delivery				
10. Net cost of borrowing - the increased use of capitalisation directions feeds through to a higher net cost of borrowing. Modelled at 8% (2% minimum revenue provision & 6% interest) in the subsequent year				

Appendix H: Transformation Projects

RAG Definition	Red – Project not on track and mitigation outside of project manager control	Amber – Project not on track, mitigation within project manager control	Green – Project on track	Blue – Project complete/closed	Project not started
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Workstream	Status	Project	Description	RAG	Budget	Benefits
Assets	Closed	Family Justice Service Review PR000067	Relocation of the Family Justice Service, into an appropriate fit for purpose location in another LBC Asset.	Blue	£100,000	Delivered savings of £350,000 per annum from 2023/24 Relocation of the service to allow for an asset saving.
	In Delivery	Asset Disposal and Property Transformation PR000115	Annual Assets Disposal Plan (AADP) has a target disposal value of a minimum £50m pa to support the requirements of the MTFS through the reduction in capital borrowing and annual revenue costs.	Green	£0	£100m capital receipts 23-24 & 24-25.
	Discovery Phase	Croydon Campus PR000104	To reconfigure Croydon Campus including Town Hall, BWH and Davis House introducing a Community Hub to improve customer experience	Green	£250,000	Currently in discovery phase, benefits to be determined.
		Community Hubs PR000049	The proposed Community Hub model intends to consolidate the use of libraries, to ensure they are being utilised fully and not left unused and closed for several days per week	Green	£250,000	
		CALAT PR000110	A review of the Adult Learning Service (CALAT) to determine: WHAT the future service should be, HOW it should be delivered, from WHERE, and within the umbrella of affordability.	Green	£50,000	
	Housing	Closed	Housing Benefit Review PR000000	Project closed as duplication with Phase 1 of the Housing Benefit Subsidy SEA & EA/TA review.	Blue	£0

Workstream	Status	Project	Description	RAG	Budget	Benefits
	In Delivery	Housing Needs Restructure PR000132	The project will restructure the Housing Needs and Homelessness service to ensure it is fit-for-purpose, and an efficient and effective service is provided within a reduced financial envelope.	Amber	£60,000	Indicative savings of £1.75m-£2.0m to be delivered over 2023-24 and 2024-25, from 3 projects (i.e. Housing Needs restructure, Housing Benefits subsidy and Housing Association recharges).
		Housing Benefit Subsidy Support Exempt Accommodation & Emergency Accommodation/ Temporary Accommodation PR000059	Review SEA and establish occupation and charging principles.	Green	£0	
		Housing Association Liaison (recharges & nominations) PR000165	A Housing Liaison officer who will be focused on the governance of all relevant contracts and nomination agreements to maximise properties available to the Council to move households out of emergency and into temporary accommodation.	Green	£59,000	
		Dynamic Purchasing System (contract compliance) PR000087	The project is intended to address identified procurement compliance issue with acquisition of emergency accommodation – within a VFM framework as part of the MTFS savings.	Amber	£92,000	Improve practice Manage demand Improve efficiency Increase effectiveness.
		Data Cleanse & Rent Accounts PR000164	This project will cleanse historical and backdated rent accounts, to minimise debt and maximise income opportunities.	Amber	£26,000	Improve practice Improve efficiency Increase effectiveness.
		Temporary Accommodation (occupancy checks) PR000163	To conduct occupancy checks in emergency and temporary accommodation. This will enable the council to carry out both welfare checks and have		£291,000	To be determined as part of the project mobilisation phase.
	Not Started					

Workstream	Status	Project	Description	RAG	Budget	Benefits
			updated information on the number of households living in such accommodation.			
		Temporary Accommodation (case review) PR000161	To review circumstances of households placed in temporary accommodation on a discretionary basis and to formulate an exit plan for those to whom the Council does not owe a main housing duty.		£291,000	
		Supported Housing Review PR000166	A review of the Council's housing related contracts across the Housing and CYPE and ASC&H directorates to formalise arrangements, ensure best value and compliance, and address areas of overlap in provision.		£80,000	
ASC&H	Closed	Adult Social Care Transformation PR000360	The final year of the ongoing Adult Social Care improvement budget capitalisation.	Blue	£1,100,000	£9.4m packages of care saving 23-24
	In Delivery	ASC Reviews Capacity PR000090	Supporting the pace of stratified and statutory reviews being delivered in Adult Social Care and Health.	Green	£461,000	
		S117 Project PR000070	Improved processes and procedures for meeting the Section 117 after-care needs following and Local Government Ombudsman (LGO) report.	Green	£178,000	2034 out of 2327 desktop reviews completed.
	Discovery Phase	Transitioning Commissioning Care Model PR000103	Develop pathways across Childrens and Adults to commission enabling services.	Green	£82,000	Currently in discovery phase, benefits to be determined.
		Intermediate Care PR000100	Establish a community reablement service.	Green	£60,000	The outcomes and learning of the pilot will inform the diagnostic to be completed

Workstream	Status	Project	Description	RAG	Budget	Benefits
						by the strategic delivery partner.
	Not Started	ASCH Strategic Delivery Partner PR000349	A delivery partner to enhance the work of our managing demand programme transformation.		£1,134,480	There will be no tangible benefits identified until the completion of the phase 1 diagnostic (expected circa Feb 2024).
	Not started	Outcomes Based Domiciliary Care Model PR000102	Remodel end to end process for provision of Domiciliary Care.		£110,000	To be determined as part of the project mobilisation phase.
CYPE	In Delivery	Sustaining Demand at the Front Door PR000078	To develop systems & processes in the front door of Children's Social Care, maximising efficiencies, multi-agency contributions to target resources to greatest effect, reducing cost of interventions & placements.	Amber	£190,000	On track to achieve £200,000 savings per annum from 2023/24
		Corporate Parenting Transformation PR000298	To deliver, implement and further improve the fostering service as reviewed in 22/23 - including the development of a digital platform for recruiting and training of foster carers.	Amber	£742,750	Aim to achieve savings of £225,000 in 2023/24 & £912,944 in 2024/25
		Joint Funding Arrangements PR000074	To review and improve joint funding arrangements and processes across children's social care, health and education.	Amber	£110,000	Aim to achieve £250,000 savings in 2024/25
		Further Development of the Locality SEND Support Model Across Early Years Settings PR000063	To ensure that more pupils are educated in the borough and in mainstream schools. To provide early support for pupils with special educational needs.	Amber	£240,000	This project will not directly deliver a general fund saving but will be an enabler for the organisation to meet the KPIs and continue to implement the strategies within the Safety Valve process.

Workstream	Status	Project	Description	RAG	Budget	Benefits
	Discovery Phase	Calleydown Transformation PR000089	To explore the scope for expanding the physical building capacity of this residential home vulnerable residents.	Amber	£134,000	Aim to achieve savings of £142,000 in 2024/25 & £142,000 in 2025/26.
Service Transformation	Closed	VCS Review PR000083	As the Community Fund reaches the end of its lifecycle, a review of VCS spend across the Council to better ensure VCS spend, and ensuing outcomes sit within the financial envelope set by the MTFS.	Blue	£0	Delivered a £800,000 saving built into the 2023-34 Assistant Chief Executive budget.
		Commercial & Income Opportunities PR000093	Evaluate income and growth opportunities across identified council services.	Blue	£0	£200,000 pa increase in the Premier Supplier Programme added to MTFS budget.
		PFI Contract Manager PR000098	To recruit a PFI Manager.	Blue	£0	PFI contract manager successfully recruited.
	In Delivery	Croydon Parking Policy 2023 PR000357	This project is intended to review the existing Parking Policy.	Green	£200,000	£951,000 additional income is expected in 2024/25 and in subsequent years.
		Income and Debt Portfolio PR000094	To correctly price fees and charges and improve management of demand.	Amber	£50,000	The current projects are expected to increase collected fees and charges by £3.1m over the next 3 years.
		Building Control Transformation PR000108	To transform the Building Control service, to ensure the provisions meets statutory requirements and represents value for money in the current economic climate.	Green	£450,000	Planning and Building control projects are expected to generate £300,000 in 2024/25.
		Planning Transformation PR000109	The review and revamping of the Development Management Planning Service addressing some of the long-standing operational concerns to ensure an efficient and effective value for money service is provided.	Amber	£300,000	

Workstream	Status	Project	Description	RAG	Budget	Benefits
			Also, that service reputational concerns are addressed.			
		Community Equipment Service PR000092	Review the financial performance and sustainability of Community Equipment Service (CES) - exploring opportunities to reduce costs; grow income; evaluate options for service delivery.	Green	£40,000	Projected financial benefits from the approach profiled at approx. £3m over 7 years of a contract.
	Discovery Phase	Croydon Museum Transformation PR000068	To determine whether the current model represents the best approach to delivering services and value for money in the current financial climate.	Green	£269,600	Currently in discovery phase, benefits to be determined.
		Approach to Strategic Planning and Commissioning Transformation PR000026	To develop a new framework for policy making, strategic planning and commissioning - identifying the resources, skills, knowledge and culture we will need to deliver our Council priorities and plan.	Amber	£290,000	
		Passenger SEND Transport Transformation PR000065	To review the approach to providing passenger transport to SEN children and adults - that includes consideration of personal travel plans and new commissioning approach.	Green	£100,000	
Enabling	In Delivery	HR Transformation PR000052	The HR Transformation Programme is made up of a number of projects in HR to support wider elements of service improvement, culture change and financial savings.	Green	£78,000	HR redesign savings of £50,000 in 2024/25 and £50,000 in 2025/26 Restructuring of the Payroll team saving £150,000 to be realised by 31st March 2024
		Business Intelligence Review PR000007	A project that drives efficiency using Business Intelligence. <u>Workstream one</u> - data matching initiatives using the National Fraud Initiative as a guide for areas to	Amber	£0	<u>Single Person's Discount:</u> 1911 SPDs cancelled £914,213 (additional revenue raised) <u>Freedom Passes (Disability)</u>

Workstream	Status	Project	Description	RAG	Budget	Benefits
			<p>review, to ensure the council only provides discounts and benefits to residents that are eligible to receive such discounts.</p> <p><u>Workstream two</u> – to explore data maturity across the organisation, creating and understanding by carrying out a data / intelligence maturity review.</p>			<p>474 passes de-activated saving £81,528 – (Based on £172 per head (covid)) or £142,200 – (Based on potential £300 per head - pre-covid guess)</p> <p><u>Freedom Passes – (Older Persons)</u></p> <p>2783 applicants reviewed 1063 evidence provided 945 accepted 113 rejected, 5 to check</p>
	Discovery Phase	Customer Access Review PR000105	This project is to facilitate the engagement of a management consultancy company, called Methods, to deliver on a Customer Access Discovery task – this will inform next steps of the project.	Green	£200,000	Currently in discovery phase, benefits to be determined
		Oracle Improvement Programme Development PR000344	Funding of resources to develop the One Oracle Programme business case	Amber	£175,000	
		Digital& Resident Access Review PR000053	This project is intended to conduct a review of Digital & Resident Access to assess the service for opportunities of transformation including the structure, tools and processes used by the service.	Green	£80,000	

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LONDON BOROUGH OF CROYDON

REPORT:	Scrutiny & Overview Committee	
DATE OF DECISION	24 October 2023	
REPORT TITLE:	Scrutiny Work Programme 2023-24	
CORPORATE DIRECTOR / DIRECTOR:	Stephen Lawrence-Orumwense Director of Legal Services and Monitoring Officer	
LEAD OFFICER:	Simon Trevaskis Senior Democratic Services & Governance Officer - Scrutiny	
LEAD MEMBER:	Councillor Rowenna Davis - Chair of the Scrutiny & Overview Committee	
AUTHORITY TO TAKE DECISION:	In accordance with paragraph 6.7 (vi) of Part 4E - Scrutiny and Overview Procedure Rules, in the Council's Constitution, the Committee should receive an update on the work programme at each meeting.	
CONTAINS EXEMPT INFORMATION?	No	Public
WARDS AFFECTED:	N/A	

1. SCRUTINY WORK PROGRAMME 2023-24

- 1.1. This report sets out for the information of the Scrutiny & Overview Committee the most recent version of the work programmes for the Committee and its Sub-Committees.
- 1.2. This follows on from a report considered by the Committee at its previous on 25 July 2023, which agreed that the financial sustainability of the Council would be a key focus. It was also agreed that the following principles would be used as the basis for the work programme:-
 1. **The Public's Money.** Scrutiny wants reassurance that taxpayers' money is put to best use. At a time when the Council is making cuts to balance the books, it has no money to waste. In the middle of a cost-of-living crisis, every pound of public money should be valued. Scrutiny will aim to look at the impact of any financial decisions on the public and the Council's finances, including knock-on effects. We will aim to research best practice and to provide suggestions as well as criticism.
 2. **The Public's Services.** Scrutiny wants reassurance that services are improving. This is about leadership, culture and organisation as much as it is about budgets.

We will seek reassurance that even in difficult financial circumstances, we are still meeting our duty of care to the most vulnerable. Scrutiny will listen and learn from the public's experiences of service performance to guide its work on Croydon's transformation.

3. **The Public's Voice.** Scrutiny wants to make sure that the Council is transparent, open and engaging with the people it exists to serve. Scrutiny will monitor the planned improvements in governance for Croydon's local democracy, as well as inviting public voices into the Scrutiny process itself. The Mayor was elected on a mandate to "listen to Croydon" and Scrutiny will hold the executive to account for this pledge.

- 1.3. Any changes made to the work programme during the year, should reflect these agreed priorities.

2. RECOMMENDATIONS

- 2.1. The Scrutiny & Overview Committee is asked to: -

1. To note the most recent version of the Work Programme.
2. Consider whether there are any other items that should be provisionally added to the work programme as a result of the discussions held during the meeting.

3. REASONS FOR RECOMMENDATIONS

- 3.1. Setting a work programme to guide Scrutiny throughout the year is a requirement in the Council's Constitution and considered to be best practice. Adjustments can be made to the work programme throughout the year and are agreed by the Scrutiny Chairs & Vice-Chairs, in line with the arrangements in the Constitution, and an update provided at each Committee meeting.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 None. It is a requirement in the Council's Constitution for the Scrutiny & Overview Committee to have a clearly defined work programme for itself and its sub-committees at the start of each municipal year.

5 CONSULTATION

- 5.1 Each of the sub-committee's has had the opportunity to review their respective work programmes at each meeting. Scrutiny Chairs will also meet regularly with officers to review the programme.

6. CONTRIBUTION TO COUNCIL PRIORITIES

- 6.1 This report contributes to priority 1: The Council balances its books, listens to residents and delivers good sustainable services.

7. APPENDICES

7.1 Appendix 1: Scrutiny Work Programme 2023-24

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Scrutiny & Overview Committee

The below table sets out the working version of the Scrutiny & Overview Committee work programme. The items have been scheduled following discussion with officers and may be subject to change depending on any new emerging priorities taking precedent.

Meeting Date	Item	Scope	Directorate & Lead Officer
22 May 2023	Annual Asset Disposal Strategy		
	Waste & Street Cleansing Contract		
	Month 11 2023-23 FPM Report		
6 June 2023	Executive Mayor of Croydon – Scrutiny Update	The Mayor to provide an overview of his key achievements over the past year and outline his priorities for the year ahead to include: - <ul style="list-style-type: none"> - How they will be delivered - The main risks to delivery and how these are being managed. 	Assistant Chief Executive Directorate David Courcoux
	Scrutiny Work Programme & Annual Report	The Committee to agree the work programme for itself and its Sub-Committees for the year ahead and agree the Scrutiny Annual Report for submission to Council.	Resources Simon Trevaskis
25 July 2023	Month 2 2023-24 FPM Report	This report is provided for the Committee to seek assurance on the delivery of 2023-24 budget.	Allister Bannin Resources

	Equalities Strategy	Pre-decision discussion on the principles for the forthcoming refresh of the Council's Equalities Strategy.	David Courcoux Assistant Chief Executive
26 September 2023	People & Cultural Transformation Strategy	The Committee has requested to review the action plan created to guide the delivery of the Strategy, along with the performance measures that will be used to determine the success of the strategy. The report will also include a specific focus on measures to improve recruitment and retention at the Council.	Dean Shoemith Assistant Chief Executive
	Mayor Business Plan 2022-26 quarterly performance report	This report is provided for the Committee to review and comment upon the proposed performance indicators to be used to monitor the delivery of the Mayor's Business Plan.	Caroline Bruce Assistant Chief Executive
	P3 financial performance report	This report is provided for the Committee to seek assurance on the delivery of 2023-24 budget.	Allister Bannin Resources
6 October 2023	The Colonnades, 619 Purley Way, Croydon, CR0 4RQ - Asset Disposal	To conduct pre-decision scrutiny on the asset disposal decision.	Huw Rhys-Lewis Resources
24 October 2023	Annual Complaints Report	The Committee will be presented with the Annual Complaints report for the Council for its information	Kim Hyland Assistant Chief Executive
	The Redevelopment of Purley High Street Carpark and Leisure Centre	To consider the Cabinet report on the Redevelopment of Purley High Street Carpark and Leisure Centre	Huw Rhys-Lewis Resources

	MTFS & Budget Proposals	To scrutinise the updated MTFS and Budget Proposals of the Administration, as set out in 25 October 2023 Cabinet report.	Jane West Resources
	P4 financial performance report	This report is provided for the Committee to seek assurance on the delivery of 2023-24 budget.	Allister Bannin Resources
21 November 2023	Exit Strategy	To consider the Improvement & Assurance Panel's Exit Strategy for Croydon	Katherine Kerswell Chief Executive
	Crime & Disorder Item	To review the Community Safety Strategic Assessment	Christopher Rowney SCRE
	P5 financial performance report	This report is provided for the Committee to seek assurance on the delivery of 2023-24 budget.	Allister Bannin Resources
16 January 2024	Budget Scrutiny Deep Dives	To Subjects to be confirmed.	
	P7 financial performance report	This report is provided for the Committee to seek assurance on the delivery of 2023-24 budget.	Allister Bannin Resources
6 February 2024	Final Budget Scrutiny Session	To review the final Budget Report ahead of finalising Scrutiny's views on the budget proposals.	Jane West Resources
	P8 financial performance report	This report is provided for the Committee to seek assurance on the delivery of 2023-24 budget.	Allister Bannin Resources
22 April 2024	Contracts & Procurement	A review learning lessons from previous Council contracts.	

	Customer Service Journey	To review the customer journey through across the Council	
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Items of Interest

The following items haven't been scheduled into the work programme but are highlighted areas of further scrutiny during the year ahead.

Unallocated Items	Notes
Climate Change Scrutiny	
Town Centre	To review plans for the town centre
Electoral Administration	To review plans for the delivery of 2024 London Mayoral Elections

Children & Young People Sub-Committee

The below table sets out the working version of the Children & Young People Sub-Committee work programme. The items have been scheduled following discussion with officers and may be subject to change depending on any new emerging priorities taking precedent.

Meeting Date	Item	Scope	Directorate & Lead Officer
27 June 2023	Update on Antenatal and Health Visiting Visits	To receive an update on Antenatal and Health Visiting.	Children, Young People, Education and Health Jane McAllister
	Cabinet Report - Maintained Nursery Schools Report	To receive the upcoming June Cabinet Report outlining the current position in relation to Croydon's Maintained Nursery Schools and options for the future provision of this in Croydon. The report sets out why this is required as a result of decreasing funding for Maintained Nursery Schools (MNS) and the impact that this is having on the budget situation for all of the Council's MNS settings.	Children, Young People, Education and Health Shelley Davies
10 October 2023	Youth Justice Plan 23/24	To scrutinise the Council's statutory Youth Justice Plan for 2023/24.	Children, Young People & Education Róisín Madden
	Youth Safety Delivery Plan	To scrutinise the Cabinet report scheduled for September 2023, looking at the Council's work over the previous 12 month period to deliver on the Mayor's commitment to making Croydon's streets safer for young people,	Children, Young People & Education

		the plan for the next three years of action, and the commitments to partnership working with the voluntary sector and community to tackle violence.	Debbie Jones
14 November 2023	Croydon Safeguarding Children Board - Annual Report 2022-23	<p>The Children & Young People Sub-Committee is asked to: -</p> <ol style="list-style-type: none"> 1. Note the Croydon Safeguarding Children Board Annual Report 2022-2023 2. Consider whether there are any considerations or concerns it may wish to submit to the Cabinet during its consideration of the Annual Report. 3. In particular, give consideration as to whether the Annual Report provides sufficient reassurance on the performance and effectiveness of the Croydon Safeguarding Children Board. 	<p>Children, Young People & Education</p> <p>Debbie Jones</p>
23 January 2024	Budget Scrutiny Challenge	<p>The Children & Young People Sub-Committee is asked to review the information provided on three budget proposals (to be identified) and reach a conclusion on the following:-</p> <ol style="list-style-type: none"> 1. Are the savings deliverable, sustainable and not an unacceptable risk. 2. Is the impact on service users and the wider community understood. 3. Have all reasonable alternative options been explored and do no better options exist. 	<p>Children, Young People & Education</p> <p>Debbie Jones</p>
	Cabinet Report - Education Estates Strategy	For the Sub-Committee to consider whether there are any considerations or concerns it may wish to submit to the Cabinet during its consideration of the Strategy.	Children, Young People & Education

			Shelley Davies
	Cabinet Report - Education Standards 2022	For the Sub-Committee to receive the summarised performance of children and young people in Croydon schools for the academic year 21/22.	Children, Young People & Education Shelley Davies
19 March 2024	Update on Antenatal and Health Visiting Visits	To receive an update on Antenatal and Health Visiting.	Children, Young People, Education and Health Jane McAllister
	TBC		

Standing Items:

Early Help, Children's Social Care and Education Dashboard & Health Visiting KPI Data - To receive the Early Help, Children's Social Care and Education Dashboard and quarterly Health Visiting KPI Data.

Items of Interest

The following items haven't been scheduled into the work programme but are highlighted as potential items of interest to be scheduled during the year ahead.

Unallocated Items	Notes
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Recruitment and Retention	<p>To review Staff Caseloads, AYSE Caseload Sharing and the number of supervisions carried out.</p> <p>To receive a breakdown of vacancies and caseloads by individual teams and to look at London Councils best practise for recruitment and retention.</p> <p>To undertake direct engagement with social workers</p> <p>To look at how feedback from exit interviews can be incorporated into retention strategies</p>
Apprenticeships & Youth Unemployment	To look at the offer of available apprenticeships in the borough and data on youth unemployment.
OFSTED Reports	To review any OFSTED reports as and when they are available.
Delivery of Early Years Strategy	To review the delivery and implementation plan of the Early Years Strategy
SEND Strategy	To review the implementation of the SEND Strategy
Surplus Schools Places	To review the Surplus Schools Places report
Free School Meal offer in Croydon	To scrutinise the provision of free school meals in the borough through the Mayor of London scheme.
Cabinet Report – Maintained Nursery Schools	To conduct pre-decision scrutiny on the Cabinet Report following the public consultation on Maintained Nursery Schools.

Homes Sub-Committee

The below table sets out the working version of the Health & Social Care Sub-Committee work programme. The items have been scheduled following discussion with officers and may be subject to change depending on any new emerging priorities taking precedent.

Meeting Date	Item	Scope	Directorate & Lead Officer
24 July 2023	Housing Transformation Programme	To receive an update on the delivery of the Housing Transformation Programme	Lara Ashley
	Housing Strategy	Pre-Decision – To have an early discussion on the principles underlying the forthcoming Housing Strategy	Lara Ashley
	Mobilisation of the Responsive Repairs Contracts	To receive an update on the de-mobilisation/mobilisation of the response repair contracts.	Jerry Austin
23 October 2023	Update on the Development of the HRA Business Plan	To provide the Sub-Committee with the opportunity to comment on the principles underlying the development of the forthcoming Housing Revenue Account Business Plan. This will include an update on the Asset Management Strategy and rent increases	
	Residents Engagement Strategy	To provide the Sub-Committee with the opportunity to feed into the develop of the Residents Engagement Strategy.	
	Housing Strategy	To review the proposed Housing Strategy ahead of its consideration by Cabinet and Full Council.	
29 January	HRA Business Plan & Budget 2023-24		

2024	Temporary/Emergency Accommodation Budget Deep Dive		
16 April 2024	Consumer Regulation		
	Review of the Culture Change	To review the culture change workstreams within the Housing Transformation Programme.	

Areas to schedule

The following items haven't been scheduled into the work programme but have been previously identified as areas of scrutiny to be scheduled during the year ahead.

Unallocated Items	Notes
Regina Road	
Update on the implementation of NEC system	Potential briefing
Update on savings delivery	Standard item on each agenda.

Health & Social Care Sub-Committee

The below table sets out the working version of the Health & Social Care Sub-Committee work programme. The items have been scheduled following discussion with officers and may be subject to change depending on any new emerging priorities taking precedent.

Meeting Date	Item	Scope	Directorate & Lead Officer
20 June 2023	Front Runner Pilot Scheme	The Health & Social Care Sub-Committee is presented with a report on the Discharge Integration Frontrunner programme, which aims to bring together transformation efforts from across Croydon to develop an effective, integrated system across hospital, social and community care.	Adults Richard Eyre
	HSC Work Programme	To discuss areas of scrutiny for inclusion in the Sub-Committee work programme in 2023-24	
3 October 2023	Croydon Safeguarding Adults Board – Annual Report	To review and comment upon the Croydon Safeguarding Adults Board annual report ahead of its consideration by the Mayor in Cabinet	Adult Safeguarding Denise Snow
	Transformation Update	To receive an update on the delivery of the three-year transformation programme in Adult Social Care.	Adults Richard Eyre
30 January 2024	ASC Budget deep-dive	The Health and Social Care Sub-Committee is asked to review the information provided on budget proposals.	Adults Richard Eyre
12 March 2024	CQC Assurance	To receive an update on the CQC Assurance process.	Adults Richard Eyre

Areas to schedule

The following items haven't been scheduled into the work programme but have been previously identified as areas of scrutiny to be scheduled during the year ahead.

Unallocated Items	Notes
A review of the cost of out of borough placements	Arising from the discussion on mental health provision in the borough
Commissioning for Community Sexual Health Services	To feed into the commissioning process of community sexual health services by the Public Health team.
Dementia Strategy	
CAMHS & SLAM	A review of the mental health services available for young people focusing on the transition between services.
Menopausal Health Services	To review the availability of menopausal services in the borough
Integrated Care System	To review the impact of the new ICS approach to services in the borough.
Dental Services	To review the provision of dental services in the borough.
Prostate Cancer Services	

Streets & Environment

The below table sets out the working version of the Streets & Environment Sub-Committee work programme.

Meeting Date	Item	Scope	Directorate & Lead Officer
11 July 2023	Pre-Decision: Parking Policy Transformation Project	To conduct pre-decision scrutiny on the upcoming Cabinet report covering the Parking Policy Transformation Project.	Sustainable Communities Regeneration & Economic Recovery Steve Iles
	Consultation on the Local Flood Risk Management Strategy	To receive a presentation on the forthcoming consultation on updating the Council's Flood Risk Plan, so that the Sub-Committee can provide feedback and input into its development.	Sustainable Communities Regeneration & Economic Recovery Nick Hibberd

1 November 2023	Air Quality Action Plan 2023-2028	To receive a presentation on the Council's Air Quality Action Plan 2023-2028 to allow the Sub-Committee to provide early feedback in advance of the full report to Cabinet in December 2023.	Sustainable Communities Regeneration & Economic Recovery Nick Hibberd
	Cleaner Croydon	To receive an update on the Council's work on the Mayor's priority for delivering 'Cleaner Croydon'. The Sub-Committee will also receive feedback on its recommendations concerning the Waste & Recycling Contract.	Sustainable Communities Regeneration & Economic Recovery Karen Agbabiaka
	Local Plan Review	For the Sub-Committee to receive a detailed presentation on the review of the Local Plan 2023/24, to facilitate Members to influence the content of the Local Plan Review ahead of its journey on to Cabinet and Council.	Sustainable Communities Regeneration & Economic Recovery Steve Dennington

30 January 2024	Budget Scrutiny Challenge	<p>The Sub-Committee is asked to review the information provided on three budget proposals (to be identified) and reach a conclusion on the following:-</p> <ol style="list-style-type: none"> 1. Are the savings deliverable, sustainable and not an unacceptable risk. 2. Is the impact on service users and the wider community understood. 3. Have all reasonable alternative options been explored and do no better options exist. 	Sustainable Communities Regeneration & Economic Recovery Nick Hibberd
	Local Plan/Local Development Scheme	To scrutinise any outstanding Local Plan issues, as well as early pre-decision scrutiny on the CIL charging schedule adoption and Planning obligations SPD adoption.	Sustainable Communities Regeneration & Economic Recovery Heather Cheesbrough, Steve Dennington
2 April 2024	Climate Change Action Plan	To review and provide feedback on the Council's Climate Action Plan.	Sustainable Communities Regeneration & Economic Recovery Nick Hibberd

	Waste contract procurement award- May 2024	To scrutinise the Waste contract procurement award.	Sustainable Communities Regeneration & Economic Recovery Karen Agbabiaka
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Standing Items:

Work Programme Item	Notes
Financial Monitoring for SCRER	Standing Item tracking progress with the delivery of 2023/24 Budget using the latest Cabinet Financial Performance report (To review by exception).

Items of Interest

The following items haven't been scheduled into the work programme but are highlighted as potential items of interest to be scheduled during the year ahead.

Unallocated Items	Scrutiny Officer Notes
Environment Bill Responsibilities	To review the additional responsibilities that will fall upon the Council following the adoption of the Environment Bill
Biodiversity Strategy	To review the upcoming Biodiversity Strategy once written.
Implications of the Levelling Up and Regeneration Bill	To review the possible implications of the Levelling Up and Regeneration Bill

Review of the Waste Contract	To review the progress on the review of the Waste Contract.
Environmental Enforcement	To review the Environmental Enforcement service.
Protection of green spaces and parks	To look at the protection of parks and green spaces in the borough, including the support fund and Council strategy.
Clean Water and Sewage (Thames Water)	To look at the water quality in the borough and the risks of contamination from sewerage.
Transport, Active Transport & School Streets	To look at the strategy for Transport, Active Transport, Healthy Streets & School Streets in the borough, alongside Road Fatalities & Speed Limits
Transformation of Independent Travel	To review the transformation of the Independent Travel Service – End of 2023/24
Habitat Action Plan	To review and provide feedback on the Council's Habitat Action Plan.

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
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