



# Finance and Resources

## Cabinet Member Budget Bulletin

### Councillor Simon Hall

#### March 2020

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## Local Government Finance Settlement

Government confirmed the provisional settlement figures for 2020/21. The much vaunted “Core Spending Power” has increased by 7.2%. However, this is reliant on the Council tax base growing and the Council increasing both council tax and adult social care precept by the maximum amount. Without this, the increase would have been little more than a real terms increase. In fact, once the loss of the London Business Rates Pool pilot is factored in, there is a real terms decrease in government funding to the Borough.

## Unaccompanied Asylum Seeking Children (UASC)

In the budget, we have had to assume that Croydon residents will have to continue the shortfall in funding that we suffer for being a gateway authority that does the initial work on almost all of the country’s UASC and then accommodating some 10% of the country’s UASC.

There have been warm words and positive meetings between the Chief Executives of the worst-affected local authorities and senior civil servants.

The budget assumes that we get a £2.7m additional contribution, as against the £9m shortfall. This still places a huge unfair burden on Croydon’s residents.

## Fair Funding

There is no concrete news on how local authorities will be funded after 20/21. We continue to lobby, directly and through London Councils and the Local Government Association.

Information prepared by both those organisations, by County Councils Network and others shows both the scale of shortfall in funding for local government generally but also the unfairness of the current system.

## Reserves and Contingency

Our General Fund reserve has remained substantially unchanged since this administration came to power. This is in contrast with the vast majority of local authorities around the country, who have used reserves to fund services in the last few years.

However, it is true to say that our main general fund reserve has historically been at low levels compared to other councils and that is clearly the case at the moment, albeit it is in the target range we (and indeed the previous administration) set.



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As part of the budget, and given our commitment to strong prudent financial management, we are planning to contribute £5m to reserves and committing to the principles of making contribution to reserves in future. In addition, we have increased the level of contingency in the budget. In 2014/15, this was just £1m. We increased it to £2m and we are now increasing this to £3.7m.

## Croydon Digital Service (CDS)

As part of the budget, we are investing £2m into the revenue base for CDS. This is part of our commitment to having the right digital infrastructure and solutions to allow the Council to operate efficiently, to allow improved decision making and to deliver effective online solutions for residents.

The new system for Adult and Children's Social Care and the new website currently being rolled out are just two examples of this work.

The work of the team, led by Neil Williams, our Croydon Digital Officer.

## Pension Fund

The actuarial review of our pension fund will be finalised in March. However, we already know that it will show a funding level in excess of 90%. This compares to 73% three years ago and 66% in 2013. Indeed, this funding level is the highest in the last 20 years.

## Budget

The key drivers in the budget are detailed in the Budget papers and will be presented to Cabinet in a slide presentation on 24 February that will be made available to all councillors after the Cabinet Meeting. I will therefore not take up space on this bulletin highlighting the other major points in the budget.