

Please note that this report will be updated once the Council has received a decision from the Secretary of State on its request for a capitalisation direction for 2022/23 and following the meetings of the Scrutiny & Overview Committee and General Purposes and Audit Committee scheduled for 1<sup>st</sup> and 3<sup>rd</sup> March 2022 respectively.

<b>REPORT TO:</b>	<b>COUNCIL 7 MARCH 2022</b>
<b>SUBJECT:</b>	<b>COUNCIL TAX AND BUDGET REPORT</b>
<b>LEAD OFFICER:</b>	<b>Katherine Kerswell, Chief Executive Richard Ennis, Interim Corporate Director of Resources (Section 151 Officer)</b>
<b>WARDS:</b>	<b>All</b>

**SUMMARY OF REPORT:**

This Council Tax and Budget Report comprises a summary of the process and matters of business relating to the Council Tax and Budget Setting as required by Part 4A of the Constitution. The report also includes recommendations that are anticipated to be made to Council by Cabinet at its meeting on 7 March 2022.

**COUNCIL PRIORITIES 2020-2024:**

The Council Tax and Budget Report is prepared in keeping with the Council Procedure Rules at Part 4A of the Constitution.

**1. RECOMMENDATIONS:**

Subject to decisions at the Cabinet meeting scheduled to be held on 7 March 2022, Council is expected to be asked to approve the following recommendations:

- 1.1 The General Fund revenue budget for 2022/23 as set out in appendices 1A to 1D;
- 1.2 The Council's request for a capitalisation direction from the Department of Levelling Up, Housing and Communities [DLUHC] of up to £50m for 2021/22 and up to £25m for 2022/23 as set out in paragraph 9.26 of the report;
- 1.3 1.99% increase for Croydon Services in 2022/23 (in line with government's core spending power assumptions) as detailed in Section 10 of the report and Appendix 1E;
- 1.4 A 1.00% increase in 2022/23 for the Adult Social Care Precept (in line with government's core spending power assumptions) as detailed in Section 10 of the report and Appendix 1E;

- 1.5 To note the draft Greater London Authority precept on the Collection Fund and increase of 8.8% as set out in Appendix 1F;
- 1.6 With reference to the principles for 2022/23 determined by the Secretary of State under Section 52ZC (1) of the Local Government Finance Act 1992 (as amended) confirm that in accordance with Section 52ZB (1) the Council Tax and GLA precept referred to above are not excessive in terms of the most recently issued principles and as such to note that no referendum is required. This is detailed further in section 10 of the report;
- 1.7 The calculation of budget requirement and council tax as set out in Appendix 1E and 1F including the GLA increase will result in a total increase of 4.11% in the overall council tax bill for Croydon;
- 1.8 The revenue budget assumptions as detailed in the report and the associated appendices;
- 1.9 The detailed programme of revenue savings, income and growth items, by directorate, as set out in Appendix 1B;
- 1.10 That based on the advice of the Pension Fund Actuary and the Fund's independent investment advisors (as provided to the Pension Committee), and upon the wording of the Hymans Robertson recently issued Draft Rates and Adjustments Certificate, the Council agrees not to progress plans to transfer properties to the Pension Fund (as detailed in Section 12 of the report);
- 1.11 The Council's 2022/23 HRA revenue budget as set out in Section 15 of the report;
- 1.12 The amendment to the previously approved General Fund capital budget to reflect the change in requested transformation funding requests (to be financed by the use of flexible capital receipts) as detailed in section 16 of the report;
- 1.13 The list of individual transformation projects as detailed in Section 16 of the report;
- 1.14 In relation to the Facility Agreement with Brick By Brick Croydon Ltd:
  - i. Approve variations to the Facility Agreement to:
    - a. change the repayment structure to allow flexibility in the way the Council can apply repayments, as explained in section 9 of the report; and
    - b. reflect the inclusion of £1.379m of outstanding liabilities post the Fairfield Halls expenditure review.
  - ii. Approve that the Section 151 Officer shall be authorised to finalise the varied terms thereof and make decisions in respect of the loan repayment

application (in consultation with the Brick By Brick Shareholder Cabinet Advisory Board)

iii. Note that these changes shall be reported to Cabinet as part of the next Brick By Brick quarterly update in addition to briefings to the Brick By Brick Shareholder Cabinet Advisory Board;

- 1.15 In exercising its functions including in making decisions on the setting of the 2022/23 budget and proposed changes, due regard is to be had to the public sector equalities duties as detailed in Section 20 of the report;
- 1.16 That in setting the Budget and Council Tax members must have regard to the Section 151 Officer's statutory report under Section 25 of the Local Government Act 2003 on the robustness of the estimates made for the purposes of the Council Tax calculations and the adequacy of the proposed financial reserves as set out in Section 11 of the report, and in particular the risks relating to the accounting treatment of Croydon Affordable Homes and Croydon Affordable Tenures leases;
- 1.17 Consider the comments and recommendations from the budget engagement with local residents, businesses and representatives of non-domestic rate payers as set out in Appendix 11;
- 1.18 Note the planned contribution to reserves set out in Section 11 of the report which will be confirmed subject to the final 2021/22 outturn and reported to Cabinet as part of the Outturn report in July 2022;
- 1.19 In respect of the Council's public sector equalities duties, where the setting of the capital, revenue and HRA budget result in new policies or policy change the relevant service department will carry out an equality impact assessment to secure delivery of that duty including such consultation as may be required; and
- 1.20 The recommendations and comments of the Scrutiny and Overview Committee and the General Purposes and Audit Committee as will be communicated as draft minutes or verbally reported to this meeting.

## **2. GENERAL FUND AND HRA BUDGET PROPOSALS**

- 2.1 The General Fund and HRA Budgets are appended as part of the covering report at Appendix 6.1.
- 2.2. At its meeting on 7 March 2022, Cabinet is anticipated to recommend to Council the recommendations detailed in 1 to 1.20 above. Those recommendations will be put to the vote at the conclusion of this item of business.

2.3 In accordance with paragraph 4.12 of part 4A of the Constitution, recommendations 1.3, 1.4 and 1.5 will be taken as recorded votes.

### **3. QUESTIONS TO THE LEADER AND CABINET MEMBERS FOR FINANCE**

3.1 At the outset of consideration of this item, Members will have the opportunity to ask questions of the Leader of the Council on any matter related to the Council Tax or draft budget.

3.2 Following the above session, Members will have an opportunity to ask questions of the two Cabinet Members responsible for Finance, currently the Cabinet Member for Croydon Renewal and the Cabinet Member for Resources & Financial Governance, on any matter related to the Council Tax or draft budget.

3.3 Both of these question and answer sessions will last for fifteen minutes and the first three minutes of each session may be used by the Leader or Cabinet Member to make any announcements. Both sessions will be conducted in accordance with paragraphs 4.3 to 4.6 of Part 4A of the Council's Constitution.

3.4 In case of doubt, the Mayor shall decide whether it is appropriate for any matter to be considered at a Council Tax Meeting and shall disallow any questions considered inappropriate. Each Member asking a question will also be allowed to ask a supplementary question

### **4. BUSINESS REPORT OF THE SCRUTINY AND OVERVIEW COMMITTEE**

4.1 Part 4C of the Constitution outlines the process for developing the Council's annual budget and makes provision for the Scrutiny & Overview Committee to comment on proposals. It also requires Cabinet to take into account any formal response from the Scrutiny & Overview Committee.

4.2 Paragraph 4.8 of part 4A of the Constitution allows a period of ten minutes for Councillors to question the Chair of the Scrutiny & Overview Committee, the first two minutes of which are available to that Chair to make any announcements.

4.3 In accordance with the above requirements, the Scrutiny & Overview Committee will conclude its consideration of the budget at its meeting scheduled for 1 March 2022. Following that meeting, Members will be provided with a written summary of the Committee's comments on the budget proposals.

## **5. COMMENTS FROM THE GENERAL PURPOSES AND AUDIT COMMITTEE**

- 5.1 Members will be aware that following the Report in the Public Interest published the Council's external auditors, Grant Thornton, in November 2020, the agreed Action Plan requires the General Purposes and Audit Committee to review the adequacy of the Reserves Assessment, ensuring that all risk and reliabilities have been properly considered, and to advise Council on the adequacy of the Reserves Strategy and its relationship to the MTFS.
- 5.2 The General Purposes and Audit Committee will undertake this consideration at its meeting scheduled for 3 March 2022.
- 5.3 The Committee will focus its attention on:
- (i) Risk Identification
  - (ii) Risk Mitigation
  - (iii) Reserve Strategy
  - (iv) MTFS Direction of Strategy
- 5.4 Any conclusions on these areas that the Committee reaches will be reported to Council in advance of the budget meeting on 7 March 2022.

## **6. COUNCIL TAX DEBATE**

- 6.1. The Council Tax Debate will proceed in accordance with paragraphs 4.9 to 4.12 of part 4A of the Constitution.
- 6.2. The order of speakers shall be as follows:
- i) Leader or other Cabinet Member (10 mins)
  - ii) Leader of the Opposition (10 mins)
  - iii) Administration Speaker (3 mins)
  - iv) Opposition Speaker (3 mins)
  - v) Administration Speaker (3 mins)
  - vi) Opposition Speaker (3 mins)
  - vii) Administration Speaker (3 mins)
  - viii) Opposition Speaker (3 mins)
  - ix) Administration Speaker (3 mins)
  - x) Opposition Speaker (3 mins)
  - xi) Administration Speaker (3 mins)
  - xii) Opposition Speaker (3 mins)
  - xiii) Leader or other Cabinet Member exercising a right of reply (5 mins).
- 6.3. At the conclusion of the debate, the recommendations shall immediately be put to the vote as detailed in 1.1 to 1.20 above.

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**CONTACT OFFICER:** Stephen Rowan, Head of Democratic Services & Scrutiny

**APPENDICES TO THIS REPORT:**

Appendix 1:	Council Tax Report to Cabinet
Appendix 1A:	Summary of General Fund Revenue Estimates
Appendix 1B:	General Fund Growth and Savings Proposals
Appendix 1C:	General Fund Departmental Revenue Budgets
Appendix 1D:	General Fund Service Subjective Budget Summary
Appendix 1E:	Recommendations for Council Tax Requirement 2022/23
Appendix 1F:	Greater London Authority Budget and Council Tax Precept
Appendix 1G:	Pension Fund Committee Asset Transfer Decision
Appendix 1H:	Croydon Affordable Homes/Tenures Briefing Note
Appendix 1I:	Budget Proposals for 2022/23 – Feedback from Survey

**BACKGROUND DOCUMENTS:** There are no previously unpublished documents upon which this report has been based.