

REPORT TO:	COUNCIL 27 February 2018
SUBJECT:	COUNCIL TAX AND BUDGET REPORT
LEAD OFFICER:	JACQUELINE HARRIS-BAKER, DIRECTOR OF LAW AND MONITORING OFFICER
WARDS:	ALL
CORPORATE PRIORITY/POLICY CONTEXT:	
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 decision at the Cabinet meeting to be held on 26 February 2108, the Council is expected to be asked to approve the following recommendations:

- 1.1 A 2.99% increase in the Council Tax for Croydon Services (a level of increase Central Government has assumed in all Councils' spending power calculation);
- 1.2 A 2.0% increase in the Adult Social Care precept (a charge Central Government has assumed all councils' will levy in its spending power calculations).
- 1.3 To welcome the GLA increase of 5.07%, where over 81% of which is being used for the Police and 16% being used for the Fire service.

With reference to the principles for 2018/19 determined by the Secretary of State under Section 52ZC (1) of the Local Government Finance Act 1992 (as amended) confirm that in accordance with s.52ZB (1) the Council Tax and GLA precept referred to above are not excessive in terms of the most recently issued principles and as such to note that no referendum is required. This is detailed further in section 7.12 of report 6.1.

- 1.4 The calculation of budget requirement and council tax as set out in Appendix D and E of report 6.1. Including the GLA increase will result in a total increase of 5.01% in the overall council tax bill for Croydon.
- 1.5 The two year revenue budget assumptions as detailed in report 6.1 and the associated appendices :-
 - The programme of revenue savings and growth by department for 2018/20 (Appendix A of report 6.1).
 - The Council's detailed budget book for 2018/19 (Appendix B of report 6.1).
- 1.6 The Capital Programme as set out in section 13, table 18 and 19 of report 6.1.
- 1.7 That it note there are no proposed amendments to the Council's existing Council Tax Support Scheme for the financial year 2018/19.
- 1.8 The adoption of the Pay Policy statement at Appendix H of report 6.1.

2. EXECUTIVE SUMMARY

- 2.1 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 26 February 2018.

3. GENERAL FUND AND HRA BUDGET PROPOSALS

- 3.1 The General Fund and HRA Budgets are appended to this report as **report 6.1**.
- 3.2 At its meeting on 26 February 2018, Cabinet is anticipated to recommend to Council the recommendations detailed in 1.1 to 1.8 above. Those recommendations will be put to the vote at the conclusion of this item of business.
- 3.3 In accordance with paragraph 4.12 of part 4A of the Constitution, recommendations 1.1, 1.2 and 1.3 will be taken as recorded votes.

4. QUESTIONS TO THE LEADER AND CABINET MEMBER FOR FINANCE

- 4.1 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.
- 4.2 Following the above session, Members will have an opportunity to ask questions of the Cabinet Member for Finance & Treasury on any matter related to the Council Tax or draft budget.
- 4.3 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.
- 4.4 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.

5. BUSINESS REPORT OF THE SCRUTINY AND OVERVIEW COMMITTEE

- 5.1 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.
- 5.2 Paragraph 4.8 of part 4A of the Constitution allows a period of ten minutes for Councillors to question the Chair of the Overview and Scrutiny Committee, the first two minutes of which are available to the Chair to make any announcements.

- 5.3 In accordance with the above requirements, the Scrutiny & Overview Committee considered all non-education elements of the proposed 2018/19 budget at its meeting on 12 December 2017. Education elements of the proposed budget were considered by the Children and Young People Scrutiny Sub-Committee at its meeting on 6 February 2018.

Council Tax and Budget Scrutiny

- 5.4 At its meeting on 12 December 2017, the Scrutiny and Overview Committee considered an item on the draft budget from the Leader and Cabinet Member for Finance and Treasury.
- 5.5 A presentation from the Cabinet Member for Finance and Treasury spoke of the current status of the financial position, the growth pressures and saving options.
- 5.6 The Committee learned that the growth pressures are having a massive impact on the local authority and the current underfunding in Croydon is having an impact. The overall position of the level of funding was highlighted in the presentation. The Committee was reminded that Croydon is an outer London borough with inner London needs and would have had an additional £28 million more to spend on Council services if funded at inner London rates.
- 5.7 The Committee heard that there was a lot of budget pressures within Adults and Children's Social Care and Children with Special Educational Needs (SEN).
- 5.8 The Committee learned that there was a growing pressure on demand in Children's Services following the recent Ofsted inspection. With investment being made to enable the delivery of the Improvement Plan.
- 5.9 The Committee learned that there had been a recruitment freeze within the borough for all but essential roles.
- 5.10 The Committee learned of the 2018/19 financial budget plans and growth pressure. Officers shared that £10 million pounds had been allocated to Children's Services were the biggest pressure currently resides. The Committee learned that Adults of all age and disability group was a growing population where the service had a duty to deliver and support.
- 5.11 The Committee learned that complexity was increasing and staffing in SEN had increased to deal with demand. There was an improved service in out of hospital care and this was improving lives of residences.
- 5.12 The Committee learned of the savings and what the local authority could do to save money. These were all listed in detail in the appendix to the report.
- 5.13 The Committee learned that there had been options considered and discarded as savings by officers and members as part of the budget preparation process.

- 5.14 Members of the Committee learned that some spending was on things the Council could not control, for example concessionary fares, and would not change the overall funding in Croydon.
- 5.15 Members of the Committee noted the presentation. They learned that Croydon was doing more to promote commercialisation, for example, Brick by Brick.

Education Budget 2018/19

- 5.16 At its meeting on 6 February 2018, the Children and Young People Scrutiny Sub-Committee considered an item on the draft education budget from the Cabinet Member for Children, Young People & Learning and Head of Finance (People).
- 5.17 An overview of the three areas that the Education Budget would be split into was provided to the sub-committee, namely:
- The Dedicated Schools Grant(DSG)
 - Capital Expenditure
 - Council Services Provision
- 5.18 The sub-committee was informed that the DSG allocation funding had now been split to one rate for primary schools and one rate for secondary schools. The detailed schools budgets would be issued to schools in March 2018 once agreed and finalised by the DFE.
- 5.19 The sub-committee was further informed that the DSG allocation for the forthcoming year 2018/2019 was £337.82m, a £10.3m increase compared to 2017/2018 funding. This included additional funding for the Early Years, High Needs and Schools Block due to an increase in the number of pupils.
- 5.20 The Schools Forum had agreed an hourly rate increase for 3/4 year old funding, with continuous work in that area. There was also ongoing work to address issues of overspend in high needs areas, where there had been significant overspend over the years by many local authorities due to an ongoing increase in demand.
- 5.21 To manage overspend in Special Education Needs (SEN), the Council had explored actions to be taken to address issues relating to costs including the following:
- Early provision of vital resources
 - Post 16 provision within the borough
 - In borough provision of Autistic Spectrum services
- 5.22 Members expressed their dissatisfaction regarding the low funding allocated to Croydon, which, although an outer London borough, shared many of the challenging characteristics of an inner London borough. Officers responded that the ranking and allocations were based on historical formula of outer and inner London rates. This was an important issue and lobbying had taken place over a number of years in an attempt to get the government to address the issues and to deliver a fairer funding settlement.

- 5.23 In response to Member concerns regarding the impact of exclusion of pupils on the budget and in particular the exclusion of pupils attending Academy schools, officers advised that exclusions were being monitored very closely and that both the Council and schools worked hard to avoid permanent exclusions, with negotiations between schools to ensure that pupils at risk retained a place in full time education.
- 5.24 There had however been an increase in exclusions, mainly for children without an Education, Health and Care Plan (EHCP), concerns had been raised with the Schools Commissioner where it had been identified that particular schools had excluded a high number of pupils with SEN to ensure that there were no underlying issues of disparity and unfairness.
- 5.25 Members sought detail on the support being afforded to pupils with SEN by colleges. Officers responded that work was being undertaken with colleges to ensure good provision for pupils, there were however challenges with provision for pupils with significant disabilities and needs.
- 5.26 Members commented that more work needed to be done to promote the specialist schools in the Borough which were providing outstanding services. Officers informed the sub-committee that the specialist schools were oversubscribed and this was a testament to high level of quality of provision of the establishments.

Officers were thanked for their responses to Members' questions.

Conclusions:

- i) That the sub-committee noted the impact of pupil exclusions on the budget;
- ii) The continued disparity between allocation of funding for inner and outer London boroughs be noted; and
- iii) The sub-committee held concerns on the lack of per pupil funding allocation increase to the High Needs Block despite the continuous increase in demand faced.

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 1.8 above.

CONTACT OFFICER: Stephen Rowan, Head of Democratic Services and Scrutiny

BACKGROUND DOCUMENTS: None

APPENDICES: **Report 6.1** - General Fund & HRA Budget 2018/20 report to 26 February Cabinet
Appendix A – Budget Options
Appendix B – Revenue Budget and Capital Programme
Appendix C – Summary of Revenue Estimates
Appendix D – Council Tax Bands
Appendix E – Recommendations for Council Tax Requirement
Appendix F – Response to the Local Government settlement
Appendix G – Dedicated Schools Grant
Appendix H – Pay Policy Statement