

LONDON BOROUGH OF CROYDON

REPORT:	Council	
DATE OF DECISION	28 February 2024	
REPORT TITLE:	The Council's Budget 2024-25	
CORPORATE DIRECTOR / DIRECTOR:	Katherine Kerswell, Chief Executive Jane West, Corporate Director of Resources (Section 151 Officer)	
LEAD OFFICER:	Jane West, Corporate Director of Resources	
LEAD MEMBER:	Councillor Jason Cummings Cabinet Member for Finance	
KEY DECISION?	Yes	<p>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</p> <p style="text-align: right;">and</p> <p style="text-align: center;">Key Decision – Decision significantly impacts on communities living or working in an area comprising two or more Wards</p>
CONTAINS EXEMPT INFORMATION?	No	
WARDS AFFECTED:	All	

1 SUMMARY OF REPORT

- 1.1 The purpose of this report is to enable the Council to calculate and set the Council Tax for 2024-25.
- 1.2 The Localism Act 2011 made significant changes to the Local Government Finance Act 1992 ("the Act"), and now requires the billing authority to calculate a Council Tax requirement for the year, not its budget requirement as previously.
- 1.3 The Council has to formally resolve that it calculates certain figures, which broadly are:
 - its gross expenditure, including contingency and levies (but not precepts)
 - its gross income from fees & charges and other sources, specific grants, external finance from the Government, and any surplus/deficit on the collection fund
 - the difference between the two, being the amount which the Council needs for its own services to be paid from the collection fund, defined as the Council Tax requirement
 - the basic amount of Council Tax for the net position of all these figures, including

precepts, and

- the amount of Council Tax for each other category of dwelling.

- 1.4 The Council is also required to formally approve the management of the Council's treasury management functions, including the Treasury Management Strategy Statement, Prudential Indicators and Minimum Revenue Provision Statement; the proposed revenue budget for the General Fund; the Capital Strategy & Programme.
- 1.5 Attached to this report are:
 - Appendix A which are the draft minutes of the Cabinet meeting of 14 February 2024.
 - Appendix B is the calculation of the council tax requirement and council tax.
 - Appendix C sets out the Council's net budget requirement and medium term forecast to 2027-28.
 - Appendix D the detailed programme of revenue savings, income, demand pressures and legacy budget corrections, by directorate, as recommended by Cabinet of 14 February 2024.
 - Appendix E sets out the proposed changes to the empty and second homes premiums.
- 1.6 The Treasury Management Strategy Statement and the Capital Programme & Strategy with all related documents were reported to Cabinet separately on 14 February 2024.
- 1.7 The Revenue Budget and Council Tax Levels Report was presented to 14th February Cabinet. That Report is circulated as an Appendix G to this Report but with the following changes:
 - It incorporates a departmental and subjective analysis of the 2024-25 Budget in Appendix G B (which was marked to follow at Cabinet).
 - Appendix G L (Directorate Financial Risks) is updated following the request by Scrutiny and Overview Committee on 12th February for more information.
 - Paragraph 3.13 has been amended to more fully explain the further legacy Capitalisation Direction request of £9.4m for 2019-20 as requested by Scrutiny and Overview Committee.
- 1.8 In light of the above, Cabinet recommends the Council to adopt the following resolutions as set out below. The effect of adopting these resolutions would be to set the Council Tax for a Band D property at £2,366.91 (including the GLA precept).
- 1.9 The Levelling-up and Regeneration Act 2023 enables local authorities to change the timeframe for applying empty property council tax premiums and to introduce council tax premiums on second homes. The changes are designed to bring more empty homes into productive use and to generate greater income earlier on those properties where the owner wishes them to remain empty. Council is asked to approve the introduction of the new council tax charges regarding empty properties and second homes for Croydon. The changes will enable the Council to raise and retain additional revenue to support local services. A report was considered by Cabinet on 22 November 2023 (Appendix E) on these changes and recommended by Cabinet on 14 February 2024 for approval by Full

Council. This will enable the necessary determinations to be made, and put in place, prior to the commencement of the financial year to which this budget report relates.

- 1.10 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. 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 Consumer Price Index (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.

2 RECOMMENDATIONS

For the reasons set out in the report [and its appendices], and as recommended by Cabinet of 14 February 2024, Council is recommended:

- 2.1 Note the responses to the budget engagement with residents and statutory consultation with businesses as set out in the Budget Cabinet Report, Appendix G J.
- 2.2 Note the equalities impact assessment undertaken on the budget proposals as set out in the Budget Cabinet Report, Appendix G N.
- 2.3 Note the Scrutiny Budget Report and the Executive response to the recommendations in the Scrutiny Budget report relating to the budget proposals, Appendix F.
- 2.4 To agree an increase in the Croydon element of the 2024-25 council tax charge by 2.99% (Band D £53.98)
- 2.5 To agree a 2% increase (Band D £36.11) in the 2024-25 Adult Social Care precept levy.
- 2.6 To agree the calculation of the council tax requirement of £259,761,449 and council tax as set out in Appendix B and note that the inclusion of the Greater London Authority precept will result in a total increase of 5.69% (Band D £127.35) in the overall Croydon council tax bill.
- 2.7 To approve the setting of the Council’s own total net expenditure budget for 2024-25 at £361.267m (Appendix C).
- 2.8 To agree the detailed programme of revenue savings, income, demand pressures and legacy budget corrections, by directorate, as recommended by Cabinet of 14 February 2024 (Appendix D).

- 2.9 To agree a £5m budget in 2024-25 to support the transformation programme as recommended by Cabinet of 14 February 2024.
- 2.10 To agree the Reserves Policy as set out in Appendix G M of the Revenue Budget and Council Tax Levels Report 2024-25 as recommended by Cabinet of 14 February 2024.
- 2.11 To agree that the Corporate Director of Resources be authorised to collect and recover National Non-Domestic Rate and council tax in accordance with the Local Government Finance Act 1988 (as amended), the Local Government Finance Act 1992.
- 2.12 To agree that the necessary determinations are made as billing authority under Section 11B of the Local Government Finance Act 1992 for financial year 2024-2025 to the effect that where permitted, for dwellings that have been unoccupied and substantially unfurnished for a period of at least one year the amount of Council Tax will be increased by 100% where the period is less than 5 years, by 200% where the period is at least 5 years but less than 10 years, and by 300% where the period is at least 10 years, and that the discount under Section 11(2)(a) shall not apply.
- 2.13 To agree that the necessary determinations are made under Section 11C of the Local government Finance Act 1992 as billing authority for financial year 2025-2026 to the effect that where permitted, for dwellings where there is no resident of the dwelling and the dwelling is substantially furnished, the amount of Council Tax will be increased by 100%, and the discount under Section 11(2)(a) shall not apply.
- 2.14 To agree that the Council Tax Support scheme (statutory local council tax reduction scheme) under Section 13A (2) of the Local Government Finance Act 1992 is not changed from that agreed by Full Council resolution on 1st March 2023.
- 2.15 To agree the Council's 2023-29 General Fund Capital Programme which includes planned expenditure of £479.68m (including capitalisation directions) across the six years as recommended by Cabinet on 14 February.
- 2.16 To agree the Council 2024-25 Housing Revenue Account Capital Programme with a total investment planned of £57.24m with borrowing of nil as recommended by Cabinet on 14 February 2024.
- 2.17 To agree an increase to the 2023-24 HRA capital budget from £33.248m to £37.162m, owing to increased major repairs and improvements, with this £3.914m increase funded by HRA reserves as recommended by Cabinet on 14 February 2024.
- 2.18 To agree the Council's Capital Strategy (Appendix H A), as presented within the Capital Programme and Capital Strategy 2023-29 Report to Cabinet on 14 February 2024.
- 2.19 To agree The Treasury Management Strategy Statement 2024-25 as set out in the Treasury Management Strategy Statement, Minimum Revenue Provision Policy

Statement and Annual Investment Strategy 2024-25 Report to Cabinet on 14 February 2024 (Appendix I).

- 2.20 To agree the Prudential Indicators as set out in the Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2024-25 Report to Cabinet on 14 February 2024 (Appendix I).
- 2.21 To agree the Annual Minimum Revenue Provision Policy Statement (required by the Local Authorities (Capital Financing and Accounting) (England) (Amendment) Regulations 2008SI 2008/414) as set out in Appendix B of the Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2024-25 Report to Cabinet on 14 February 2024 (Appendix I).
- 2.22 To agree the Borrowing Strategy and Investment Strategy as set out in the Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2024-25 Report to Cabinet on 14 February 2024 (Appendix I).
- 2.23 To note the requirement for Members to undertake training in order to have the appropriate knowledge and skills to enable them to understand and scrutinise the Council's treasury management as set out in the Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2024-25 Report to Cabinet on 14 February 2024 (Appendix I).
- 2.24 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 regard to its level of indebtedness to ensure it can deliver sustainable local government services.

3 REASONS FOR RECOMMENDATIONS

- 3.1 The Council is obliged to set a balanced budget and council tax charge in accordance with the Local Government Finance Act 1992.
- 3.2 Full Council are required to approve the Council's Capital Programme under the Council's Constitution and all expenditure of £1m requires Cabinet approval for capital spend under the Council's Scheme of Delegation.
- 3.3 Under the Constitution of the London Borough of Croydon the Full Council is responsible for approving the Treasury Management Policy Statement setting out the matters detailed in CIPFA's Code of Practice for Treasury Management in the Public Services and the CIPFA Prudential Code for Capital Finance in Local Authorities (Prudential Code).

- 3.4 Full Council are required to approve the changes to the timeframe for applying empty property council tax premiums and to introduce council tax premiums on second homes.

4 BACKGROUND AND DETAILS

- 4.1 As set out in the respective Revenue Budget and Council Tax Levels 2024-25 (Appendix G), Capital Programme and Capital Strategy 2023-29 (Appendix H) and Treasury Management Strategy Statement, Minimum Revenue provision Policy Statement and Annual Investment Strategy 2024-25 (Appendix I) reports to Cabinet of 14 February 2024 and the associated appendices.

5 LEGAL, FINANCIAL AND EQUALITIES IMPLICATIONS

- 5.1 As set out in the respective Revenue Budget and Council Tax Levels 2024-25 (Appendix G), Capital Programme and Capital Strategy 2023-29 (Appendix H) and Treasury Management Strategy Statement, Minimum Revenue provision Policy Statement and Annual Investment Strategy 2024-25 (Appendix I) reports to Cabinet of 14 February 2024 and the associated appendices.

6 CONSULTATION

- 6.1 As detailed in Section 10, Budget Engagement, of the Budget Cabinet Report, Appendix G.

7 CONTRIBUTION TO COUNCIL PRIORITIES

- 7.1 The Council's Budget 2024-25 supports the Mayor's Business Plan 2022-2026 objective one "The council balances its books, listens to residents and delivers good sustainable services".

8 APPENDICES

Appendix A Draft minutes of the Cabinet meeting of 14 February 2024

Appendix B Calculation of the 2024-25 council tax requirement and council tax

Appendix C Net budget requirement and medium term forecast to 2027-28

Appendix D Revenue savings, income, demand pressures and legacy budget corrections, by directorate

Appendix E Council Tax Empty and Second Homes Premium

Appendix F Budget Scrutiny Report and Executive Response

Appendix G Budget Report – Cabinet. *Please note that paragraph 3.13 has been amended to more fully explain the further legacy Capitalisation Direction request of £9.4m for 2019-20 as requested by Scrutiny and Overview Committee.*

Appendix G A Summary of the 2024 Medium-Term Financial Strategy forecast

Appendix G B General Fund Departmental and Subjective Budget summary (*now included, was marked to follow at 14 February Cabinet*)

Appendix G C General Fund growth and savings proposals

Appendix G D Transformation Programme

Appendix G E Government Grant

Appendix G F Business Rates Forecast

Appendix G G 2024-25 Croydon Tax Base

Appendix G H Empty Homes and Second Homes

Appendix G I Recommendations for Council Tax Requirement 2024-25 and Council Tax charge by Band.

Appendix G J Budget Proposals for 2024-25 – Feedback from the Public Engagement Process

Appendix G K Statement by the Director of Resources (section 151 Officer) on the robustness of the budget estimates and the adequacy of balances and reserves.

Appendix G L Directorate Financial Risks (*updated following the request by Scrutiny and Overview Committee on 12th February for more information*)

Appendix G M Reserves Policy

Appendix G N 2024-25 Budget EQIA

Appendix H Capital Programme and Capital Strategy 2023-29 – Cabinet Report 14 February 2024

Appendix H A Capital Strategy 2024-25

Appendix I Treasury Management Strategy Statement, Minimum Revenue provision Policy Statement and Annual Investment Strategy 2024-25 – Cabinet Report 14 February 2023