

LONDON BOROUGH OF CROYDON

To: All Members of Council
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STATEMENT OF EXECUTIVE DECISIONS MADE BY EXECUTIVE MAYOR ON 07 MARCH 2023

This statement is produced in accordance with Regulation 13 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012. Please note, that as the decisions below are not Key Decisions, they are not subject to call-in.

The following apply to the decision below:

Reasons for these decisions: As set out in Part A report

Other options considered and rejected: As set out in Part A report

Details of conflicts of interest declared by any Cabinet Member: None

Note of dispensation granted by the Head of Paid Service in relation to a declared conflict of interest by that decision maker: None

The Executive Mayor has made the executive decisions noted out below:

Decision No.: 0723EM

Details of Decision: EXECUTIVE RESPONSE TO THE COUNCIL TAX & BUDGET 2023-24 DECISION AT THE 1ST MARCH 2023

Details of decision:

Having carefully read and considered the Part A report, and the requirements of the Council's public sector equality duty in relation to the issues detailed in the body of the reports, the Executive Mayor

RESOLVED:

The Mayor has confirmed that he wishes to resubmit his original Budget proposals to Council, as set out in the Council Tax & Budget 2023-24 Report to the Council meeting on 1st March 2023, for reconsideration.

The Mayor's response to the Council objections is set out at Appendix A.

Signed: Monitoring Officer

Notice date: 07 March 2023



Mayor's Office
12th Floor
Bernard Weatherill House
8 Mint Walk
Croydon
CR0 1EA

Mayor@croydon.gov.uk
020 8667 8288

7th March 2022

Dear Chief Executive

Response to Council Budget objections

As per the Constitution, I am writing to you to set out my response to the Council's objections to my proposed Budget.

Croydon Council faces one of the most difficult financial challenges in the history of local government. That is going to mean exceptional steps are required.

Whilst I share and understand Members' reluctance to raise Council Tax above the cap, we must be realistic that our options are incredibly limited.

This Budget proposes:

- £36m of savings next year
- £200m of capital receipts over a four year period
- £224.6m of additional Capitalisation Directions from Government
- A major transformation programme to drive down costs
- A prudent but not excessive level of contingency budgets and reserves
- A Council Tax increase of 14.99%

Such is the state of our finances that we need to do **all** of these elements in order to balance our Budget. It is not a case of choices.

I have been clear about this since November when, alongside our initial draft Budget proposals, the Section 151 Officer published a Section 114 notice for the coming year. That notice stated very clearly that without significant Government support we would not be able to balance our Budget for the 23/24 year.

The Leader of the Opposition has suggested that an alternative plan must exist in order to balance the Budget without a Council Tax rise. It does not. This is not a choice we are making because we want to raise Council Tax. It is a necessity resulting from the years of historic mismanagement which have left this authority with hundreds of millions of pounds of budget gap and over £1.6bn of toxic debt.

The only other possible solution would be to borrow another £66m over the coming three years. That would saddle the Council with even more debt, even higher yearly payments to service the debt and repeat the mistakes of the past. This would also require us to exceed the capitalisation direction granted by Government, which we are not lawfully able to do.

The Opposition knew we were asking for an above cap Council Tax increase since it was set out in the Cabinet Report in November. They have had over three months to consider their alternative, and yet no Budget amendment was put forward regarding Council Tax. A named finance officer was assigned to assist the Opposition develop their alternative Budget on 13 January and an extension was even granted for opposition parties' budget amendments to be submitted but still only one amendment was received.

That amendment was submitted by the Green Group but this is solely related to Community Infrastructure Levy (CIL) funding and would not have an impact on the General Fund and will be considered at our

coming meeting. The Leader of the Green Group also set out their reasons to refer the Budget back including a request for additional information on the criteria and operation of the proposed £2m Hardship Fund. As such I enclose an initial outline of the proposal on which we will be seeking Scrutiny feedback, before a final decision on the arrangements for the Hardship Fund is taken.

I have always been open to considering alternatives. Whilst there wasn't an amendment from the Leader of the Opposition, he did put forward three suggestions at the Council meeting which have since been explored. These were:

1. *"The anticipated capital receipt arising from the Resonance Real lettings Fund"*
2. *"The possibility of looking at the profile of capital receipts"*
3. *"Whether the Council has the capacity to fully utilise the Transformation funding as proposed in the Budget"*.

I will address each in turn below.

1. Resonance Real Properties Fund income

"The anticipated capital receipt arising from the Resonance Real lettings Fund"

There will be a one-off income from Resonance Real Properties, however the timing of this is not guaranteed and it would be a one-off capital receipt, not ongoing revenue funding.

This money cannot be used to decrease the Council Tax. The only way of doing this would be to go above the capitalisation direction limit Government has agreed, which would be unlawful.

2. Reprofile capital receipts

"The possibility of looking at the profile of capital receipts"

Like selling a house, disposing of the Council's buildings takes time and is often reliant on the speed of the buyers and the nature of the market. Whilst I welcome the principle that we should ensure asset sales should progress as quickly as possible, often that is not in the Council's control.

The schedule of asset sales set out is what professional Officers have advised is likely to be achievable. Had the previous Administration left a pipeline of major asset disposals in process this would clearly have been a faster process.

We will of course press as hard as we can to get the best value disposals as quickly as possible, but we will not fiddle the figures and pretend assets can be disposed of faster than we know is likely to be the case. This may have been done in the past, but this Administration will not do that.

Where assets are sold, the receipts are assumed in the Budget to pay for the capitalisation direction and reduce the need to borrow. Without doing so the Council would yet again need to borrow more. That is not an answer to our problems.

Even if we were able to bring forward asset disposals, this would bring in capital funding which we are not able to use to fund everyday services. As set out above, the only way of doing this would be to go above the capitalisation direction limit Government has agreed, which would be unlawful.

3. Transformation funding

"Whether the Council has the capacity to fully utilise the Transformation funding as proposed in the Budget".

Yes, the Council does have the capacity to use the funding. Transformation of services, as opposed to salami-slicing, is how we will make long-term, financially sustainable, change. Reducing transformation programme funding, effectively an invest-to-save budget, would reduce our capacity for change and put future transformation savings at risk. It may reduce spending, but it will also reduce savings, leaving the Council worse off overall.

Members will also have noted that the Budget report set out that it was advice from the Improvement and Assurance Panel (IAP) that led to the transformation budget being set at £10m. Given we have had clear advice that this level of capacity is required for the change Croydon needs, I would be strongly against reducing this Budget allocation.

Summary

As has been set out, these one-off proposals are not viable alternatives, they would create new holes in the Council's Budget and perpetuate our problems by saddling the Council with millions more in debt. Had any viable and financially balanced alternatives been put forward, I would have considered them. The lack of any such amendments from the Opposition suggests that they do not have a real alternative.

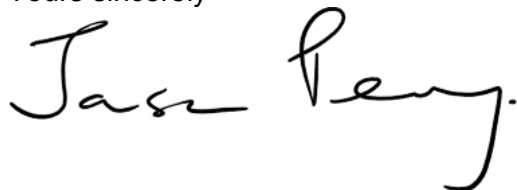
For the avoidance of doubt, I have consulted the S151 Officer on each of the amendments put forward by Cllr King and she has confirmed, for the reasons set out above, that these do not constitute viable options to reduce the proposed Council Tax level.

I recognise Members' unease about some of the measures put forward in this Budget. Whilst we have put forward proposals for a significant increase in support for residents through the enhanced £33m Council Tax Support Scheme and the additional £2m Hardship Fund, this Budget will still be difficult for many residents. There is nothing politically expedient about raising Council Tax, it is not something I want to do, but the scale of the problems I inherited mean it is necessary if we are to set a balanced budget and get our borough back on track.

I would also refer Members to the auditor letter of 3rd March which clearly sets out the duty we have to recognise the financial challenge facing Croydon and to set a balanced and prudent Budget for the coming year.

I therefore re-propose my original Budget, without amendment, to Members for further consideration at our meeting on 8th March.

Yours sincerely

A handwritten signature in black ink that reads "Jason Perry". The signature is written in a cursive, flowing style.

Mayor Jason Perry
Executive Mayor of Croydon

Appendix F

Council Tax Hardship Scheme (CTHS)

Policy

April 2023

DRAFT

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DRAFT

1. Introduction

The London Borough of Croydon has developed a Council Tax Hardship Scheme (CTHS) to support the most vulnerable residents in the borough, and low income-households who are unable to meet the demands of their council tax due to financial hardships.

The CTHS is a discretionary scheme which reduces the council tax liability for residents in hardship, using available powers under Section 13A of the Local Government Finance Act 1992.

Support, in summary, will be provided to any Croydon resident in receipt of a qualifying benefit, or have income under a maximum allowance.

2. Main Eligibility Criteria

Applicants must meet the following criteria to be eligible to receive a reduction in council tax under this scheme:

1. Aged 18 or over.
2. Have a council tax liability.
3. Be in receipt of one of the following benefits:
 - Universal Credit
 - Income-Based Jobseekers' Allowance
 - Income-Based Employment and Support Allowance
 - Incapacity Benefit
 - Pension Credit
 - Income Support
 - Housing Benefit
 - Council Tax Support
 - Severe Disabled Allowance

Or

If the applicant is not in receipt of a welfare benefit, they may still be eligible to apply for CTHS if they are on a low income. Low income is considered to be a maximum of 3 income bands above the maximum threshold for eligibility to the Council Tax Support Scheme (CTSS), depending on the household composition.

3. Other Eligibility Criteria and Considerations

1. Individuals may be excluded from the scheme in the following situation:
 - Any resident found to be in receipt of another exemption which negates their council tax liability in part or in full.
 - Residents in Care Homes or Hospital for extended periods may apply no sooner than 2 weeks before they plan to return to their main residence.
 - Prisoners.
 - Non-residents – where the applicant's main residence is not within Croydon but has a council tax liability in Croydon.
 - Residents who would qualify as no recourse to public funds.
2. The person or household applying for assistance must not have any savings that can be relied on to meet the demand for council tax, this is aligned to the Council Tax Support Scheme for capital limits.
3. Only one application can be made per resident or household. If a resident has more than one council tax liability this scheme can only be provided to their main residence. Application for more than one residence will be declined.
4. If an applicant has received a payment from the Transitional Support Payment scheme the applicant will not be eligible for a discount under this scheme, support will be provided via the Transition Support scheme instead.

4. Application Process

1. Croydon has a digital by default position, which is supported by state benefits (UC) which has a digital only approach. Resident are expected to complete an online application form. The form can be found by following this link:
 - [\[link place holder\]](#)
2. An initial review will take place within 5 working days and an email notification will be sent to the resident to confirm the progress of their application.
3. Should further information be required the resident will be notified and contacted by a council officer to provide guidance within 10 working days of the application submission.

5. Verification of Applications

1. Where an applicant is in receipt of Council Tax Support or Housing Benefit then verification will take place against known information the council already holds.
2. Where an applicant is not in receipt of Council Tax Support or Housing Benefit, the applicant will be required to provide evidence of their income to ensure they meet the requirements of the scheme.

6. Delivery

1. After initial assessment of eligibility and any follow up required should a resident be eligible for this scheme a reduction to their council tax will be applied.
2. The reduction in council tax in relation to the 2023/24 council tax increase will be a percentage value, equal to the value rise in the Council's share of the council tax at Band D in 2023/24, above the national limit of 5% for that year.
3. The application of this reduction will be done as soon as practicably possible following a successful application but no later than 5 working days once a decision has been made.
4. Notification of the decision will be communicated with the resident at the point of the decision being made and in the form of a new council tax demand notice being issued showing the reduction.

7. Review

1. Should a resident wish to request a review of a decision made, they will be provided with contact details to appeal the decision. This will be reviewed within 28 days of receipt.
2. Should a resident falsify, or knowingly provide incorrect information the council may revoke any award made. Should this happen the council tax will be come immediately due and payable, and subject to all standard recovery processes at the council.