

REPORT TO:	CABINET 11th FEBRUARY 2008
AGENDA ITEM:	6
SUBJECT:	FINANCIAL STRATEGY AND BUDGET 2008/09
LEAD OFFICER:	DIRECTOR OF FINANCE & RESOURCES
CABINET MEMBER:	COUNCILLOR MIKE FISHER, THE LEADER COUNCILLOR GAVIN BARWELL, CABINET MEMBER FOR RESOURCES & CUSTOMER SERVICES COUNCILLOR DUDLEY MEAD, CABINET MEMBER FOR HOUSING & DEPUTY LEADER (FINANCE)
WARDS:	ALL
CORPORATE PRIORITY/POLICY CONTEXT:	
The Council's Financial Strategy underpins the resource allocation for all corporate priorities and policies and in particular, the corporate priority for the delivery of value for money for the residents of the borough of Croydon.	
FINANCIAL SUMMARY:	
This report sets out the key recommendations for the delivery of the Council's Financial Strategy 2007/11 for the financial year 2008/09.	
It details the revenue and capital budgets for the General Fund for 2008/09 based on a recommended council tax increase of 3.99% .	
FORWARD PLAN KEY DECISION REFERENCE	
This is not a key decision – the final decision is made by full Council at the meeting scheduled for the 25 th February 2008.	

For general release

1. RECOMMENDATIONS

The Cabinet is asked to recommend the Council to approve the review and updating of the Financial Strategy for 2007/11 and for the financial year 2008/09 the following:

- 1.1 A **3.99%** increase in Council Tax for 2008/09 for Croydon and an increase of the GLA Precept of **2.43%** (DRAFT). An overall increase of **3.64%** (DRAFT) and therefore:
- i) The package of growth 2008/09 (Appendix D);
 - ii) The draft capital programme for the 5 year period 2008/09 to 2012/13 (Appendices I&J);
 - iii) The overall revenue budgets and council tax levels as set out in (Appendix G), whilst noting that the precept is still draft.
 - iv) The budget book (Appendix E).

It is recommended that the Cabinet:

- v) Note the progress being made towards balancing the Council's financial position for 2007/08 as at 31st December 2007 and projected outturn forecast of £2.009m before the allocation of corporate contingency.
- vi) Approve the capital budget amendments in Section 6.4 of Appendix K for 2007/08
- vi) Approve the budget virements as detailed in Section 8.1 of Appendix K for 2007/08
- vii) Approve the use of contingency as detailed in Section 4.1 of Appendix K in 2007/08

2. EXECUTIVE SUMMARY

- 2.1 This report sets out the 2008/09 budget for the residents of Croydon in the context of the Council's Financial Strategy 2007/11. The budget for 2008/09 is balanced and prudent. It continues to build upon the principles of sound financial management for the longer term strategic financial planning of the Council which were first outlined in the Financial Strategy 2007/11.
- 2.2 The Council has made significant progress in the achievement of its strategic financial objectives. This has been recognised by the improvement in the Comprehensive Performance Assessment (CPA) Use of Resources (UoR) scores to 4 overall with level 4 achievements in the key areas of financial

strategy and financial performance critical to the budget setting process of the organisation.

- 2.3 The Council was assessed independently by the Audit Commission following a detailed study of the way the Council 'uses its resources' and was awarded the highest possible score in 2007. This is the very first time that Croydon has achieved the top mark for this assessment.
- 2.4 The Commission's evaluation covers all aspects of how Croydon manages and spends its money. It is intended to demonstrate to local residents the importance of their council having sound financial management and to ensure that resources are available to support the Council's priorities and deliver the aspirations and improvements which residents have elected local Members to deliver.
- 2.5 This provides nationally recognised evidence that Croydon is managing all of its resources to the highest standards and that the Financial Strategy, which provides the framework for the Council's budget setting and local taxation policy, is based upon robust financial principles and processes.
- 2.6 Continuous developments have been made across the Council over the last financial year to improve the budget setting process; key changes have included a further strengthening of the already robust budget challenge sessions to incorporate the new RELEASE efficiency strategy, in order to identify efficiencies and to embed the Council's RELEASE principles of value for money within the budget setting process. The outcome of the Council's efficiency strategy was reported to Cabinet on the 17th December 2007 and approved by Council on the 21st January 2008.
- 2.7 The local taxation increases required to support the 2008/09 budget and associated priorities, objectives and strategies are set out in Table 1 below.

Table 1 – Local Taxation & GLA Taxation increase

Local Taxation	2008/09 Band D £	Increase %	Annual Increase £	Weekly Increase £
Croydon	1,095.81	3.99%	42.05	0.81
GLA	311.25	2.43%	7.37	0.14
Total Council Tax	1,407.06	3.64%	49.42	0.95

- 2.8 Critical to the establishment and delivery of the 2008/09 budget is the detailed understanding of the financial environment, locally and nationally, within which the Council operates. A full and further review of the budget assumptions contained within the 2007/11 Financial Strategy has been undertaken following the "July Review" report to Cabinet. The outcome of this review is set out within this report which provides an update to the Financial Strategy and sets the context for the future budget setting of the Council.

3. FINANCIAL STRATEGY OBJECTIVES AND BUDGET PLANNING ASSUMPTIONS REVIEW

3.1 The Financial Strategy approved by the Cabinet on the 12th February 2007 established the underlying financial objectives of the Council. These core objectives ensure alignment of the Council's overall priorities and resources. They clearly communicate to the residents of the Borough the priorities to which the local revenue that has been raised will be directed.

3.2 The objectives of the strategy are set out in Table 2 below.

Table 2 – Financial Strategy Objectives

Financial Strategy Objectives	
1	To maintain an affordable Council Tax
2	To ensure that the efficiency culture is embedded within the Council to systematically challenge and secure Value for Money
3	To ensure that the Council's resources are expended on meeting the Council's Vision for Croydon and achieving the key corporate priorities
4	To ensure that the Council's infrastructure is fit for purpose and that new capital needs are identified and met
5	To ensure that the Council's core ongoing financial position remains stable and continues to support the Council's key objectives.

3.3 The local and national environment is continuously monitored and reviewed to ensure the robustness of the budget planning process and to assess the deliverability of the core financial objectives. The budget planning assumptions were last reviewed, reported and approved by the Cabinet on the 16th July 2007.

3.4 The financial environment is a constantly changing entity and therefore it is appropriate during the year and at the time of the budget setting to review and report these changes to better understand the context of the current and future year's budget setting. A number of changes to the financial environment have occurred since this last review. These are examined in greater detail below and summarised in Table 3 below. In summary, following the review of the environment it has been concluded that the budget planning assumptions are still valid and robust and that the Council's strategic financial planning framework does not currently need to be amended.

Table 3 – Review of Budget Planning Assumptions

	Strategic Assumption	Position Statement	Planned
1	Central Government Grant funding.	No change.	Croydon remains at the grant floor for 2008/09 (2%), 2009/10 (1.75%), 2010/11 (1.5%).
2	'New Burdens' are funded from Central Government.	No change.	No change.
3	If grants are transferred from specific ring fenced grants to general grant, that there is increase in cost to the local taxation as a consequence.	No change.	No allowance for a shift in grant funding has been made as the provisional settlement process has not demonstrated this shift. The Area Based Grant (ABG) has given additional freedom to the Council, as the ring-fencing of these previously specific grants has now been removed.
4	The Croydon element of local taxation increase will be less than 4% over the duration of the strategy.	No change.	No change.
5	Inflation will be estimated in line with 'sector' specific forecast increases.	No change.	CPI will be around 2.3%. Local Government inflation will almost certainly be higher, probably by at least one full percentage point and underlying pressures exist for public sector pay. RPI at 4%.
6	Efficiency targets for the Council will be set at 4% for the back office and 3% for the front office each and every year.	No change.	3% targets will be given to all departments for front line services with a target of 4% for all back office functions, The RELEASE efficiency strategy has been established and is embedded within the budget planning process.
7	Efficiency Strategy.	No change.	The Council will use the LABGI funding to support the delivery of its efficiency agenda across the borough. Where LABGI can not be used or is not received by the Council adequate provision will be allowed for in the budget planning assumptions and modeling.
8	The value of the assets within the Council's balance sheet will be maximised.	No change.	Asset challenge continues to form part of the RELEASE efficiency strategy.
9	The HRA and GF do not cross subsidise.	No change.	The appropriate costs are accountable and proportionately shared to the relevant accounts of the Council.
10	The <u>minimum</u> level of General Fund reserves is maintained at 3% of net operating expenditure.	No change.	This target has been achieved for the period of the strategy.
11	Growth is recognised for corporate priorities.	No change.	Corporate growth is planned and modeled throughout the period of the financial strategy.
12	Rewards for the 2 nd Local Area Performance Service Agreement are included at 40% as a minimum.	No change.	This planning assumption was removed in July 2007 and no longer forms the basis of the budgetary planning for the Council.

4. BUDGET PLANNING ASSUMPTIONS REVIEW – DETAIL ASSESSMENT

4.1 Central Government Funding¹

- 4.1.1 The Final Local Government Finance Settlement was announced on the 24th January 2008. This is the first full three-year settlement.
- 4.1.2 The Council has been lobbying Central Government for a number of years to highlight its concerns over the mismatch between Central Government resources allocated to the Authority and the customers and residents needs within the borough. This strategy was launched publicly in August 2007 as the “Fair Deal”. As part of this strategy, the Council made a formal representation in person by the Leader of the Council, Malcolm Wicks, the MP for Croydon North and the Cabinet Member for Resources and Customer Services supported by the Chief Executive and the Director of Finance and Resources to the Minister for Local Government, John Healy, on the 7th January 2008. The overall context for the meeting was the evidence Croydon provided that whereas most English authorities will, on average, have received a real terms increase of 2% in funding for the period 2006/07 to 2010/11, Croydon is facing a **real terms cut of 5%**. Details of the key points of this meeting are contained in Appendix A.
- 4.1.3 The Minister was open to the arguments put forward and was offered a visit to Croydon to examine the issues in more detail and to explore the Council’s strategy for efficiency.
- 4.1.4 The increase in overall funding for Local Government confirmed as part of the National Local Government Finance Settlement is contained in Table 4 below. There have been no significant changes in this announcement compared to the figures within the Comprehensive Spending Review 2007 on 9th October 2007, meaning that the lobbying of local authority organisations such as the LGA and London Councils has been largely ignored.

Table 4 – Changes for Local Government Funding 2008/11 – Final Settlement

Net External Finance (AEF)*	£m	Previous Year Adjusted ~ £m	Change £m	Change %	PFI support new £m	Total PFI support £m	Net AEF less PFI £m	Change Adjusted %
2008/09	24,086	23,163	923	4.0%	114	677	23,409	3.6%
2009/10	24,905	24,071	834	3.5%	176	853	24,052	2.8%
2010/11	25,742	24,899	843	3.4%	216	1069	24,673	2.6%

* Net Aggregate External Finance is made up of specific and special grants, PFI funding, NNDR distributable amount, RSG and police grant. Net AEF excludes specific and special grants.

~Adjusted figures allow for changes in delivering grant and changes in function to allow like-for-like comparisons.

4.1.5 The effect of these changes on formula grant increases nationally are summarised in Table 5 below.

Table 5 – Changes in Formula Grant for 2008/11

Region	2008/09	2009/10	2010/11
England	3.5%	2.8%	2.6%
London			
Inner (inc. City)	2.0%	1.8%	1.6%
Outer	2.8%	2.3%	2.1%
Croydon	2.0%	1.75%	1.5%

4.1.6 Other features of the settlement included an announcement of damping arrangements for authorities for three years, with Education and Social Services responsibilities of a floor at 2% for 2008/09, 1.75% for 2009/10 and 1.5% for 2010/11. As with the last three years' settlements there are no grant ceilings but all authorities above the floor will make a contribution to funding the floor thus scaling back their individual increases. Specific and General grants show a 4.0% increase excluding PFI (adjusted basis) on 2007/08. Additionally, the Government repeated its warnings of capping to individual authorities if what it deemed as excessive increases in council tax are made. However, the outcome of the settlement is that increases in Croydon's Formula Grant are at the **grant floor**. This results in the Council not receiving the full allocation of grant change driven through the detail of the settlement process. Croydon is now **£1.972m** below the grant floor and not expected to be above it for the foreseeable future.

4.1.7 Impact of the Final Settlement on Croydon

The key disappointing features of the settlement for Croydon are:

- Area Cost Adjustment – no changes to geographic groupings;
- End of Damping of Social Services Relative Needs Formula for Children and Younger Adults (a loss to Croydon of around £1m in 2008/09 before the floors were applied);
- Losses as a result of increased needs and resources equalisation (estimated by CLG as 0.8% or £0.868m of Formula Grant before floors in 2008/09);
- Croydon remains at the funding floor in each of the three years.

The impact for individual years can be seen in Table 6 below.

Table 6– Changes in Formula Grant for 2008/11

	2008/09	2009/10	2010/11
Formula Grant increase (adjusted~) - %	2.00%	1.75%	1.50%
Formula Grant increase - £m	£2.252m	£2.008m	£1.752m

~Adjusted figures allow for changes in delivering grant and changes in function to allow like-for-like comparisons.

Final minor updates of Specific Grants (including Area Based Grant) and Capital Grant Allocations are expected to be published shortly by the CLG, but are not expected to contain significant changes.

4.1.8 Croydon, along with London Councils, is disappointed that the settlements for the three years 2008/09 to 2010/11 fail to recognise the extent of service and financial pressures on local authorities in London as a whole, including the needs related to an expanding, increasingly diverse and mobile population. Local authorities in London will receive an increase in grant well below the average for England in each of the three years covered by this announcement. These points are contained in the detailed briefing to the Local Government Minister. Details of this can be seen in Table 7 below.

Table 7- Changes in Local Government Funding – Croydon and England compared with GDP deflator 2006/07 to 2010/11

Year	Croydon Increase Previous years adjusted %	Increase England %	GDP deflator at market prices percentage change on previous year %	Difference Croydon GDP deflator %	Difference England GDP deflator %
2006/07	2.01	3.01	2.87	-0.86	0.14
2007/08	2.70	3.75	3.25	-0.55	0.50
2008/09	2.00	3.48	2.75	-0.75	0.73
2009/10*	1.75	2.84	2.75	-1.00	0.09
2010/11*	1.50	2.65	2.75	-1.25	-0.10
2010/11 on 2005/06	10.36	16.75	15.22	-4.85	1.53

*provisional

4.1.9 24 London Boroughs will be on the grant floor in all three years, receiving only the minimum increase in grant. In total, 29 London Boroughs will be on the grant floor in 2008/09 (compared to a total of 20 at the grant floor in 2007/08), 24 in 2009/10 and 24 in 2010/11. As the grant floor has been set each year at below the level of inflation, the settlements will result in significant pressures on the budgets of London authorities and the services they provide. Croydon will be at the grant funding floor for all three years of the three year settlement. This will place the Authority under considerable pressure, as service demand pressures continue to increase at a faster pace than real terms grant funding.

4.1.10 The “New Burdens” methodology remains in place and there is no reason for the Authority to assume anything other than if there are further grant changes from specific grants into mainstream funding, that the value of these grants will remain the same in the funding transition.

Area Based Grant

4.1.11 The Government has also announced details of the new Area Based Grant (ABG). The CSR07 set out proposals to establish a new ABG and to remove the ring fence arrangements for a number of specific grants related to the Local Area Agreement (LAA). The LAA is [a three-year agreement between a local area and Central Government](#) and at this stage, the Council is agreeing

its final target within the Local Strategic Partnership (LSP) to be agreed with Central Government by June 2008. The key idea behind the LAA is that it will focus on what is most important locally, while also contributing to desired regional and national outcomes. Crucially it will enable services to be delivered in a more joined-up way by bringing together partners from the public, private and voluntary sectors and targeting funding more effectively. Greater flexibility in funding arrangements will be available through a 'single pot' in the form of the new ABG. This provides additional flexibility in the allocation of ABG to support local priorities. Changes in funding arrangements are bound to create uncertainty and concern about allocation of grant and the potential impact on current programmes. To address this some key principles for the future allocation of ABG were agreed at Cabinet on the 12th January 2008:

- The Council should make full and effective use of the flexibility available for use of ABG funding to support delivery of LAA outcomes;
- The ABG should be used to support delivery of LAA targets and outcomes;
- The LSP should take a lead in this process by making recommendations to Cabinet for allocation of ABG to meet LAA priorities;
- The Council and named partners should identify all existing core revenue and capital funding that support delivery of LAA targets;
- A detailed mechanism for allocation and approval of ABG funding will be agreed by Cabinet and the LSP; and
- Transitional arrangements should be made to minimise potential impacts to current programmes if funding is reduced or withdrawn.

4.1.12 These principles will now form part of the underlying principles of the Financial Strategy. The list of specific grants allocated to Croydon as part of the new ABG is **£23.159m**. The details of the grant are contained in Appendix B. In overall terms the redirection of specific grant to ABG has resulted in an increase of 3.6% to the Council. When negotiated the Local Area Agreement may result in additional responsibilities and activities.

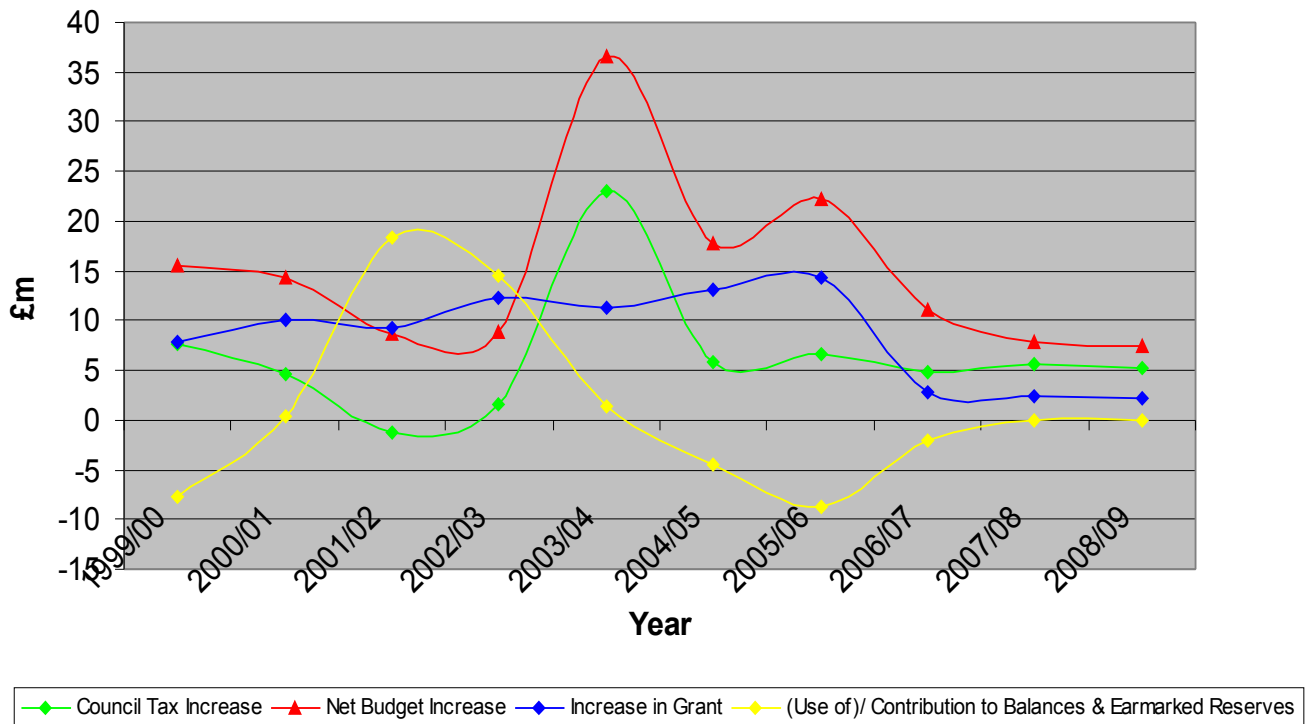
4.2 Local Taxation ²

4.2.1 The administration set out its policy when elected for a four year term, of which this is the second year, that the Croydon element of council tax will increase by less than 4% over the term of the four year period. This is embedded in the Council's financial strategy.

4.2.2 Whilst the Council is under considerable financial pressure to fund services and limited by the minimal increases in central government funding, the strategy for Council Tax will remain unchanged for the four year period. The requirement to ensure the delivery of the efficiency and transformation agenda is therefore critical in moving forward.

4.2.3 Graph 1 below shows tax increases over the past eight years and the relationship and changes in expenditure and grant increases. The graph demonstrates that it is essential that increases in local taxation are consistent with increases in service expenditure if a sustainable budget base is to be achieved and demonstrates progress to achieve this aim over recent years.

Graph 1 – High Level Financial Sustainability Analysis

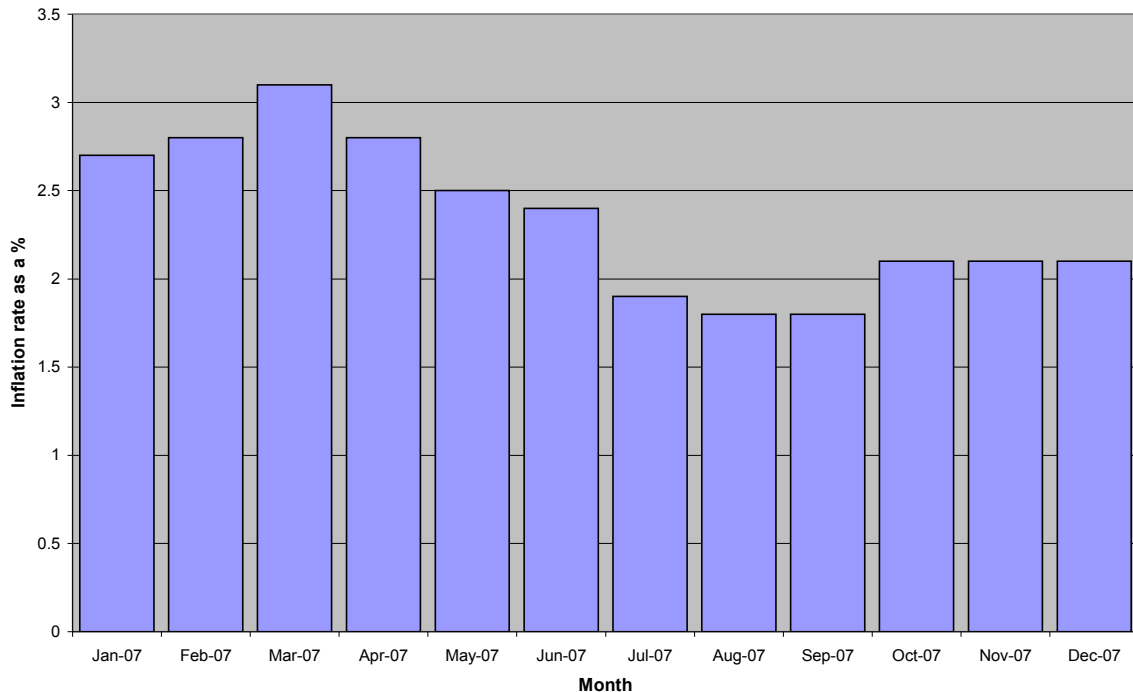


4.3 Inflation³

4.3.1 The Financial Strategy is based upon a sector specific inflation estimated at 4.25% going forward with an expectation that the staff pay increases will be 2.5% with allowances made for higher than inflation increases for some major contracts. Public Sector pay remains a topical area of debate and therefore this will be monitored carefully over the coming months.

4.3.2 The latest inflation figures, for December 2007, show that the Consumer Price Index (CPI) is currently 2.1%. The CPI is the measure adopted by the Government for its UK inflation target. The Bank of England's Monetary Policy Committee is required to achieve a target of 2%. This is shown in Graph 2.

Graph 2 – Inflation January 2007 to December 2007



- 4.3.3 The CPI is measured using a basket of goods and it is argued that this is not truly representative of the inflationary pressures faced within Local Government. The 'Service' component of CPI, rather than the 'Goods' component or standard CPI, is closer to the level of inflation facing local authorities; this has risen considerably more than the goods component and full CPI over the last 10 years. The service element of the CPI, 'All Services,' calculates that the inflation rate experienced in this area is 3.2% - considerably higher than the CPI as a whole.
- 4.3.4 The Local Government Association used the GDP deflator to identify 'real' terms cash increases in their CSR and later briefings. The GDP deflator (2.7%) measures the average price of all the final goods and services produced, in contrast to the CPI, which measures the cost of consumed goods (based on a 'basket' of typical goods chosen to reflect the cost of living).
- 4.3.5 Future projections of Local Government pay are difficult to make, as although the Prime Minister has been clear about the need to keep pay increases within the 2% pay limit imposed in the comprehensive spending review, Unison have already made clear that they reject this approach by signaling that their interpretation of this is that it means a real terms pay cut. UNISON has submitted pay claims for local government workers in Scotland and elsewhere in the UK calling for rises of 5% and 6% respectively.
- 4.3.6 Going forward, it is highly likely that inflation will be kept within The Bank of England's Monetary Policy Committee target of 2% plus or minus 1%. It is probable that over the next year, CPI will be around 2.3%. However, the level

of inflation faced by Local Government will almost certainly be higher, probably by at least one full percentage point, therefore greater at 3.3%. Whilst Local Government inflation may be less than the inflation rates assumed in the model, the likely difference is marginal particularly with current pay settlement negotiations. It is therefore prudent not to change this planning assumption at this stage, but to continue to monitor this closely, in particular inflation on large contracts, care packages and pay inflation within the Local Government sector.

4.4 Efficiency Strategy⁴

4.4.1 The Council's key change to the 2008/09 budget setting process was the embedding of a value for money challenge to all services delivered by the organisation through its RELEASE strategy. Progress on delivering efficiencies and savings is overseen by the RELEASE Board chaired by the Director of Finance and Resources and the RELEASE Cabinet Committee chaired by the Cabinet Member for Resources & Customer Services and is subject to scrutiny and challenge through the Budget Challenge sessions and through the work of the Performance and Efficiency Team through the RELEASE programme. This platform enables the Council to draw together all the extensive work it is already doing in relation to making services more efficient: smarter procurement; service transformation; better use of assets; working with others and looking to others for guidance to ensure that the Council's financial challenges can be met along with delivering improved services. The approach can be summarised as follows:

- it focuses on Council-wide priorities;
- it is led by service managers ;
- it is embedded in the way the Council does business;
- it leads to a corporate examination of value for money and a corporate approach to efficiency; and
- it links all initiatives across the organisation.

4.4.2 RELEASE does this in the following ways:

- **R - Review & Challenge**

The Council's stakeholders expect us to deliver high-quality services by the most cost effective method available. To meet the Gershon efficiency challenge, Service Managers need to deliver the same or better services with 97% of this year's budget next year, as a minimum. To do this, the links between service performance and costs have been extensively strengthened, with the budget setting process including an extensive review and challenge of the relationship between service costs and performance outcomes.

- **E - Enabling Partnerships**

To ensure the Council achieves economies of scale through public, private and third sector partnerships, RELEASE, through financial and business planning explores opportunities with our existing partners and identifies new partners to develop further opportunities.

⁴ Budget Planning Assumptions 6, 7 & 8

- **L - Leading & Learning**
Ensuring the Council is taking advantage of the learning and best practice which exists throughout the regional centres of excellence and looking towards these areas and others to fund some of the Council's future initiatives.
- **E - Excellence in Procurement**
Ensuring that the Council takes advantage of the cross-organisational opportunities which have been identified to drive out better buying initiatives, solutions and technologies.
- **A - Asset Management**
Aligning the Council's future asset needs to its strategic service requirements and making better use of the assets which the Council has at its disposal
- **S - Service Transformation**
Accelerating the remaining service transformation opportunities which exist and invest in those areas which will provide the highest returns.
- **E - Effective Financial Management**
Creating a financial management culture based on autonomy and accountability

4.4.3 The Council has delivered a balanced budget for the last three financial years and has exceeded the Gershon efficiency target demonstrating the success of its approach, which is shown in Graph 3. This is detailed by Department in Table 8.

Graph 3 – Efficiencies

Annual Cumulative Efficiency Savings

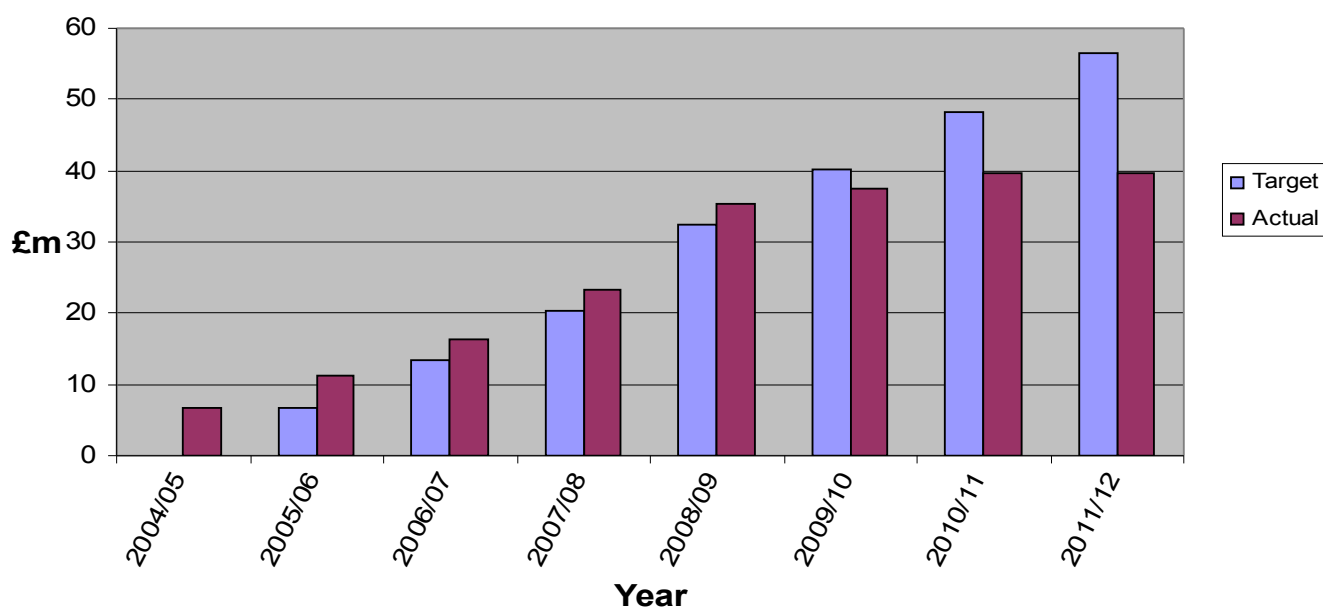


Table 8 - Council-wide efficiencies achieved over the period 2004 to 2008

Department	2004/05 £m	2005/06 £m	2006/07 £m	2007/08 * £m	2008/09 △ £m	Total £m	2007/08 Baseline £m
Adult Social Services	1.290	0.698	0.699	4.134	4.327	11.148	113.192
Children Young People & Learners	1.308	0.000	0.000	0.150	0.730	2.188	15.239
Environment, Culture & Public Protection	1.520	0.815	0.948	0.876	2.359	6.518	29.516
Housing (includes HRA)	0.365	1.932	1.212	0.787	0.259	4.555	70.927
Policy & Corporate Services	1.235	0.000	1.430	0.250	1.415	4.330	35.972
Planning & Transportation	0.269	0.168	0.043	0.000	0.285	0.765	5.416
Finance & Resources	0.749	1.437	1.610	0.690	2.693	7.179	19.865
TOTAL	6.736	5.050	5.942	6.887	12.068	36.683	290.127

* on track to be achieved by the year end

△ These efficiencies need to be reviewed to ensure that they meet the strict criteria of the Gershon requirements.

4.4.4 The Council is therefore planning on the basis of a 3% efficiency target for front line services and a 4% efficiency target for back office functions.

4.4.5 The Cabinet recommended the approval of an efficiencies package to Council for the years 2008/11 on 17th December 2007 and Council approved this package on the 21st of January. Table 9 below details £17.452m of efficiencies over the 2008/11 period. For 2008/09 £12.068m was approved which represents 5.3% per cent of the Council's budget, well in excess of central government expectations and targets.

Table 9: Identified Efficiency Programme for the period 2008 to 2011

RELEASE	2008/09	2009/10	2010/11	Total
Programme stream	£m	£m	£m	£m

Review and Challenge	1.258	0.530	0.054	1.842
Enabling Partnerships	0.090	0.350	0.050	0.490
Leading and Learning	0.165	0.400	0.000	0.565
Excellence in Procurement	2.224	0.274	1.193	3.691
Asset Management	0.541	0.000	0.000	0.541
Service Transformation	3.037	0.775	0.686	4.498
Effective Financial Management	4.753	0.638	0.434	5.825
TOTAL	12.068	2.967	2.417	17.452

4.4.6 The Council pump primed the RELEASE programme by using Local Authority Business Growth Incentive (LABGI) funding. However, there will be no LABGI payment in 2008/09. It is not possible to reliably estimate future LABGI grant, but the national grant pool is set to decline to £50m and £100m in 2009/10 and 2010/11.

4.4.7 The announcement for the final year of the existing LABGI scheme is expected in February 2008. £1bn of funding was allocated to the scheme over the three year period, so realistically, there should be £465m of funds to be distributed in the current year. The Government has indicated the end to LABGI resources moving forward and currently there is some doubt over the expected payment related to 2007/08. Therefore an alternative source of “pump priming” will be identified from within the efficiency environment to ensure on-going support to the Council’s efficiency strategy.

4.4.8 In the first two years of the scheme, the percentage that Croydon received as a percentage of the overall total was 0.4394%. Using this simple average as an indicator of future methodology, Croydon could be as high as £2.047m in year three of the present scheme.

4.5 The Housing Revenue Account & General Fund⁵

4.5.1 The Financial Strategy is based on an assumption of non-subsidisation from the main accounts of the Council. The relevant charge and apportionment will be made to both accounts in line with appropriate accounting procedures and practice.

4.6 Statement of the Section 151 Officer on reserves and balances and robustness of estimates for purposes of the Local Government Act 2003

4.6.1 Section 25 of the Local Government Act 2003 requires the Chief Financial Officer (CFO) to report on the robustness of the budget estimates and adequacy of the planned reserves when the council tax is being set.

- 4.6.2 All Members of the Council have been advised of the financial challenges the Council faces over the medium term, these considerations are clearly set out in the Council's Financial Strategy 2007/11 and are summarised in Table 2 above. Improvements have been made in the Council's overall financial standing which has been recognised in turn by the sustained improvement in the Use of Resource assessment score at a level of 3 for 2007 in this area, which is a key component of the improved overall Use of Resources assessment for Croydon for 2007 at a level 4. In forming my statement of the robustness of the budget estimates and adequacy of planned reserves I have reviewed this position in detail.
- 4.6.3 All Members must be aware that the calculation of the budget is, in its simplest form, dependent on three key factors. These are:
- a) The structural growth and savings proposals;
 - b) The level of increase in the council tax; and
 - c) The level of reserves and balances.

Growth and Savings

- 4.6.4 Proposals for growth and savings proposals are ultimately a matter of political judgment reflecting the Council's six priorities and having regard to the professional advice of officers regarding matters such as service need, changes to government legislation, demographic factors (particularly in respect of demand-led services) and other unavoidable cost pressures. Anticipated growth demands which will impact on the Council in future years are set out in the Financial Strategy 2007/11 and in future budgetary projections as set out in this report.

Council Tax increase

- 4.6.5 The level of increase in council tax is similarly a matter of political judgment, again having due regard to the professional advice of officers, and in particular to the advice of the s151 officer as regards the robustness of the budget, the level of reserves and balances and prudent financial management for the Council over the medium to longer term. All Members of the Council should be aware that my advice as the s151 officer regarding the proposed council tax increase is based on a number of key factors; the underlying inflationary pressures, the Council's position with regard to current and future balances and reserves needs, the risks associated with all efficiencies and growth options within the budget, the medium to longer local taxation opportunities and the strategic financial risks which the Council is required to address.

The Level of Reserves and Balances

- 4.6.6 The level of reserves and balances are principally the responsibility of the s151 officer. The Members of the Council are not automatically obliged to accept my advice in every particular, but must pay due regard to it and be

satisfied that they have met their own public obligations if they are minded to depart from the advice.

4.6.7 I have consistently advised all Members that the minimum level of balances that the Council needs to maintain financial stability is 3% of the net operating expenditure. This position was achieved at the end of the 2006/07 financial year and was reviewed as part of the July review reported to Cabinet on 16th July 2007. I undertake a detailed review of this policy as part of the budget setting process on an annual basis, based on a detailed analysis of the Council's risk register. The highest risks on the risk register are examined in detail by Members at the Audit Advisory Committee on a quarterly basis. Reports on individual higher risk areas are commissioned by the Audit Advisory Committee on a regular basis. I have reviewed the latest version of the risk register and have concluded that whilst at some point the recommended figure may rise at the present time my formal advice to all Members remains that 3% is an appropriate minimum level. In determining the minimum level of reserves and balances key factors include:

The risks inherent in the budget; and
The Authority's history of delivering services within budget.

4.6.8 Despite budgets being calculated on most likely estimates, not the best estimates basis, the budget contains significant challenges in terms of efficiencies delivery as well as demand led pressures. The Council has set plans in motion for efficiencies of £12.068m for 2008/09, which is a challenging target, though similar levels of efficiencies have been achieved in the past and there is a deeper Council wide understanding and commitment to the RELEASE programme. Demand led pressures have been budgeted for, but there are on going volatile budgets within the General Fund, such as for homelessness and significant income targets, such as for Land Charges, which need to be closely monitored throughout the year, along with the rest of the Budget.

4.6.9 The Authority has now achieved an overall balanced budget for two successive years and is forecasted to achieve a balanced position for a third namely 2007/08. However, this remains challenging and this outcome is only achieved through the constant focus of the organisation's officer and the leadership of its members. At the outset of the financial year, I established stringent due diligence standards for Departments which if met in full would allow the continuation of the lifting of the Central Expenditure Panel process (CEP) from all Departments. However, ECPP has been now been placed back within CEP as a precautionary measure until their forecast overspend position has been brought back into satisfactory control. This position further demonstrates the ongoing challenges that the Council faces.

4.6.10 To offset this risk a £2.0m risk contingency budget will be set within the budget.

Table 10 – General Fund Balances

	Balance as at 31/3/07	Forecast Balance as at 31/3/11[~]
	£m	£m
GF balances (assuming that the Contingency is used in 2007/08, as outlined in section 10.7 of this report)	9.157	9.157
Total	9.157	9.157

[~] this is the end of the period of the Financial Strategy 2007/11

4.6.11 Table 11 shows the schools reserves position.

Table 11 – Reserves (Schools)

Reserves	Balances as at 31/3/07	Estimated 31/3/08
	£m	£m
LMS balances [~]	10.883	9.500
Total	10.883	9.500

[~] LMS capital balances are £3.850m as at 31.03.07 making a total of £14.733m

4.6.12 The Council does not set or control balances levels for Schools. The Schools Forum has agreed a target level of balances for schools, which is 5% of annual expenditure for secondary schools and 8% for primary schools. If schools have balances greater than these sums and do not have plans meeting approved criteria that explain the reasons for additional balances, the additional balances may be redistributed within the schools. This position remains under review. If the target for balances was set at 3%, the same as for the General Fund, the target for all schools would total £5.276m.

4.6.13 Having carried out a detailed review, my formal advice to all Members remains that 3% is an appropriate minimum level for General Fund Balances.

4.7 Future Growth⁶

4.7.1 Members should note that the Council's budget setting will remain challenging over the medium term. The Council's grant funding from central government is at the floor and the position looking into the medium term is not likely to improve unless the Government accepts the arguments put forward by the Council as part of Fair Deal and wider London lobbying for additional resources is successful.

4.7.2 The estimated effect of this constraint can be seen in Table 12, which shows growth and savings proposals. The draft budget forecast for 2008/12 is summarised in Appendix C.

Table 12 – Draft Budget for the period of the Financial Strategy

Budget Requirement and Resources	2009/10	2010/11	2011/12	Total 2009/12
	£ m	£m	£m	£m
Base Budget requirement	264.316	272.424	280.154	816.894

Budget Requirement and Resources	2009/10 £ m	2010/11 £m	2011/12 £m	Total 2009/12 £m
Corporate Growth requirement	10.509	8.540	2.485	21.534
On-going Growth commitments	3.421	2.771	(1.500)	4.692
Efficiencies identified	(2.967)	(2.417)	0.000	(5.384)
Budget requirement	275.279	281.318	281.139	837.736
Funding	260.413	267.855	275.591	803.859
Funding Gap	14.866	13.463	5.548	33.877

4.7.3 Corporate growth has been included in the financial planning model, but the detailed review of Departmental growth which will take place in 2008/09 as part of the budget setting process will inevitably increase this gap which will need to be met by increased efficiencies.

5 BUDGET OPTIONS – GROWTH AND EFFICIENCIES FOR 2008/09

5.1 The growth and efficiencies items are summarised in Table 13. The detailed growth is attached as Appendix D.

Table 13 - Growth and Efficiencies identified by Departments for 2008/09

Department	Change	Movement 2008/09 Over 2007/08 £m
Policy & Corporate Services (PCS)	Growth	0.820
	Efficiencies*	(1.480)
	Net Movement	(0.660)
Children, Young People and Learners (CYPL)	Growth	1.350
	Efficiencies*	(0.730)
	Net Movement	0.620
Environmental, Cultural and Public Protection (ECP)	Growth	6.193
	Efficiencies*	(2.393)
	Net Movement	3.800
Finance and Resources (F&R)	Growth	0.995
	Efficiencies*	(2.705)
	Net Movement	(1.710)
Housing - General Fund (HOU (GF))	Growth	0.733
	Efficiencies*	(0.259)
	Net Movement	0.474

Planning and Transportation (P & T)	Growth	0.172
	Efficiencies*	(0.371)
	Net Movement	(0.199)
Adult Social Care (ASC)	Growth	2.700
	Efficiencies*	(4.327)
	Net Movement	(1.627)
Corporate Items (CORP)	Growth	3.162
	Efficiencies*	(0.000)
	Net Movement	3.162
Total Net Movement		3.860

*savings were approved by cabinet on the 17th December 2007

5.2 A review of fees and charges has been undertaken across the Council as part of the annual budget setting process. The detailed fees and charges will be available on the Council's web-site and in the Member library prior to the Council Meeting.

6. 2008/09 RESOURCE PRIORITIES

6.1 The effect of recommending the proposed growth and previously recommended efficiencies contained in this report will lead to a planned change in the balance of the Council's expenditure on its corporate priorities. Table 14 below shows how the budget decisions identified in previous sections of the report relate to the corporate priorities as an outcome of the budget setting challenge processes. The detail can be seen in the Budget Book which is contained in Appendix E.

Table 14 – Revenue Growth, Efficiencies and Capital by Priority for 2008/09

	Corporate Priorities	Growth 2008/09 £ m	Savings 2008/09 £ m	Net Revenue Budget Changes £ m	Capital 2008/09 £ m	Total £ m
ABOCYP	Achieving a better outcome for Children and Young People	1.750	0.000	1.750	11.450	13.200
IHWB	Improving Health and Well Being	3.336	(0.034)	3.302	3.700	7.002
IE	Improving the Environment	4.136	(0.020)	4.116	2.280	6.396
RBPP	Regenerating the Borough and Promoting Prosperity	2.237	(0.066)	2.171	39.660	41.831
SSSC	Safer, Stronger and more Sustainable Communities	2.321	0.000	2.321	0.000	2.321
DQSIVFM	Delivering High Quality Public Services and Improving Value for Money	2.345	(12.145)	(9.800)	1.528	(8.072)
	Total	16.125	(12.265)	3.860	58.618	62.478

6.2 Key service improvements have been made as part of the Council's Departmental service related growth in 2007/08 and continue to be budgeted for and further expanded in 2008/09 with **£16.125m** of growth.

6.3 Dedicated Schools Grant (DSG)

6.3.1 The Dedicated Schools Grant (DSG) is a grant that funds all aspects of Education that relate directly to children. This is split into a schools block which funds schools and a central block which funds services such as statemented pupils in out borough provision, Early Years and central contingency. It does not fund the statutory functions of the Local Authority which are contained within the Local Education Authority block. The DSG for Croydon for 2008/09 is **£203.932m** (£196.967m for 2007/08). This represents an increase per pupil increase of **3.1%** in 2008/09, adjusted for pupil number decreases. Croydon will receive DSG of £4,267 per pupil in 2008/09 compared to £4,080 in 2007/08

6.3.2 Details of how the grant is planned to be spent in 2008/09 are contained in Appendix F.

7. LOCAL TAXATION INCREASE FOR 2008/09

7.1 The Council Tax increase for 2008/09 is recommended to be **3.99%** in accordance with Appendix G of the report.

7.2 The effect of this increase on all council tax bands is contained in Appendix H with the Band D effect shown in Table 15 below.

Table 15 – Local Taxation increase for 2008/09

	2008/09 £	Increase £
Band D per year	1,095.81	42.05
Band D per week	21.07	0.81

7.3 Table 16 demonstrates that the tax increase of 3.99% would not be sufficient to pay for the strategic improvements that the Council needs to make to meet its corporate priorities, such as the full rollout of kerbside recycling and neighbourhood enforcement officers. The additional funding for these critical growth items has been generated by the council wide RELEASE efficiency programme.

Table 16 – Total Revenue Raised from Local Taxation increase for 2008/09

	2008/09 £m
Total Revenue Raised through Council Tax increase	5.298
Strategic Priorities	

Additional staffing capacity to address improvement in English and Maths, improvement in attendance and behaviour and commissioning projects from the School Improvement Board.	0.500
Preparation for the Building Schools for the Future Programme.	0.400
Costs in relation to non closure of Purely Pool	0.224
Full roll out of kerbside recycling collection for plastics/card and green waste for the whole of the borough in 2008/09. . This growth item also reflects the loss of the Waste Performance and Efficiency grant from DEFRA withdrawn by central government.	3.000
The impact in 2008/09 of the tender of Waste Disposal Services in partnership with Kingston, Sutton and Merton London Boroughs.	0.300
Additional grant contribution to the Upper Norwood Joint Library.	0.020
Additional revenue costs of the prudentially borrowing for the future year's capital programme.	1.582
Investment in an improved inspection and maintenance programme.	0.100
Year 2 of the 3 year programme of the introduction of Neighbourhood Enforcement Officers.	0.344
Total	6.470

8. GREATER LONDON AUTHORITY PRECEPT 2008/09

- 8.1 The consultation paper on the Mayor's budget for 2008/09 was issued on 13th December 2007. The GLA increase is being recommended by the Mayor to the Assembly at a maximum of 2.43% for 2008/09 (5.29% for 2007/08). This is currently on a timetable for approval on the 13th February 2008.
- 8.2 This increase is set out in Tables 17 and 18 below.

Table 17 – Local Taxation increase and the GLA Tax increase

Band D	2007/08 %	2008/09 %
Croydon	3.99	3.99
Greater London Authority	5.29	2.43*
Total % Taxation increase	4.28	3.64

*draft increase

Table 18 – Local Taxation increase and the GLA Tax increase

Band D	2008/09 £	Increase £	Increase per week £
Croydon	1,095.81	42.05	0.81
Greater London Authority	311.25	7.37	0.14
Total Council Tax increase	1,407.06	49.42	0.95

- 8.3 The Croydon element increase of 3.99% and the GLA precept increase of 2.43% results in an overall council tax increase of **3.64%** for the residents of Croydon.
- 8.4 Although the draft precept increase of 2.43% looks modest this needs to be viewed in the context of this being the lowest increase by the GLA and follows on from the 5.3% increase in 2007/08, 13.3% increase in 2006/07 and 5.5% in 2005/06.
- 8.5 Analysing the underlying figures for the budget, the Council is concerned that GLA spending plans increase by 5.8% leading to an increase in its net revenue expenditure of 8.4%, funded through the use of reserves. Whilst Croydon appreciates that some of the use of reserves was already planned for in an earlier GLA strategy, there must be concerns over the extent of the use of these reserves and how the GLA is going to ensure that increases in the precept are minimised in the medium term. Additionally, Croydon has noted that there is not a budget plan for TfL set out for 2010/11 unlike most areas of the budget set out in the consultation document that was published on the 13th December 2007.

9. CAPITAL PROGRAMME

- 9.1 A capital programme for the General Fund and the Housing Revenue Account has been identified for the next five years.
- 9.2 In total, all the bids for the 5 years period add up to £309.517m. However the prioritisation of bids has reduced the draft recommended capital programme to £255.324. The draft capital programme for this period is shown in Appendix I.
- 9.3 Resources estimated over the same 5 year period include £82.886m of unsupported borrowing and £28.374m of supported borrowing. Total resources including Government grants and capital receipts are detailed in Appendix J. The total of resources and capital programme by department are shown in Table 19.
- 9.4 Inclusion in the capital programme does not automatically give authority for major projects to proceed. In accordance with the financial regulations all major projects require a full business case to be approved by Cabinet before the scheme can commence. The exception to this is where scheme are 100% externally funded.
- 9.5 However, the capital programme is constrained by the limited amount of capital receipts that can be generated and the cap on borrowing not funded through Government Grant of £15m for the General Fund. A limited number of projects that will lead to service improvements have been included in the programme, as the programme has priority given to health and safety needs and the need to maintain its assets as a priority, as agreed as part of the Financial Strategy 2007/11.

Table 19 – 5 year draft Capital Programme

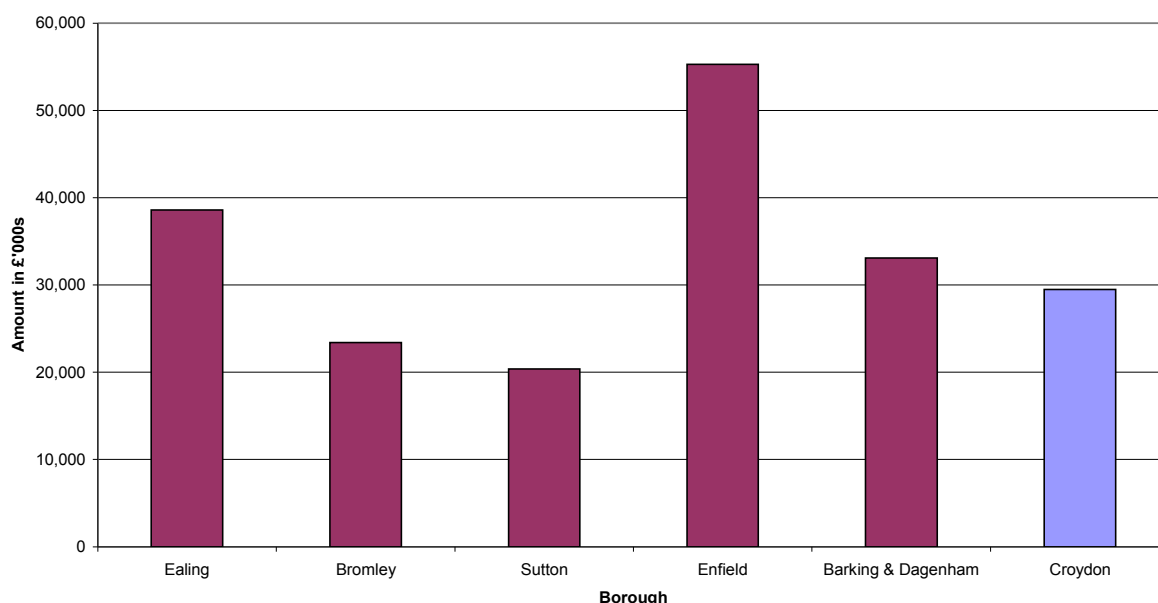
Bids and Resources	2008/09	2009/10	2010/11	2011/12	2012/13	Total 2008/13
	£m	£m	£m	£m	£m	£m
Capital Bids	58.618	67.894	60.629	33.973	34.210	255.324
Estimated Resources	(58.618)	(66.050)	(64.887)	(48.134)	(40.412)	(278.101)
Funding Gap	0.000	1.844	(4.258)	(14.161)	(6.202)	(22.777)

9.6 In order to ensure that the Council recognises the long term need of ensuring that its assets remain fit for purpose, along with improving the strategic planning process for identifying and budgeting for service needs, the Director of Finance and Resources has commissioned a detailed Capital Strategy report to be made to Members in 2008, so that before the next capital budget is set, Members can view the Council’s needs and resources in a strategic context.

9.7 Graph 4 shows the 2008/09 draft capital budgets of Croydon’s nearest neighbours and highlights the size of the budget in this context.

Graph 4 – Capital Programme - other London Boroughs

Comparison of General Fund Capital Expenditure for 2008/09 across London Borough's (excludes Housing)



10. 2007/08 OUTTURN FORECAST

10.1 The Council's revenue budget outturn for 2006/07 was balanced position and therefore the Council was able to exceed its planned budgeted contribution to balances of £2m by £2.627m. Therefore the GF balance carried forward to 2006/7 is £9.157m which exceeds the target for balances for 2007/08 and ensures Croydon has already met its target set out in the Financial Strategy.

10.2 The Council's latest estimates of the Departmental outturn for 2007/08 are contained in Table 20 below.

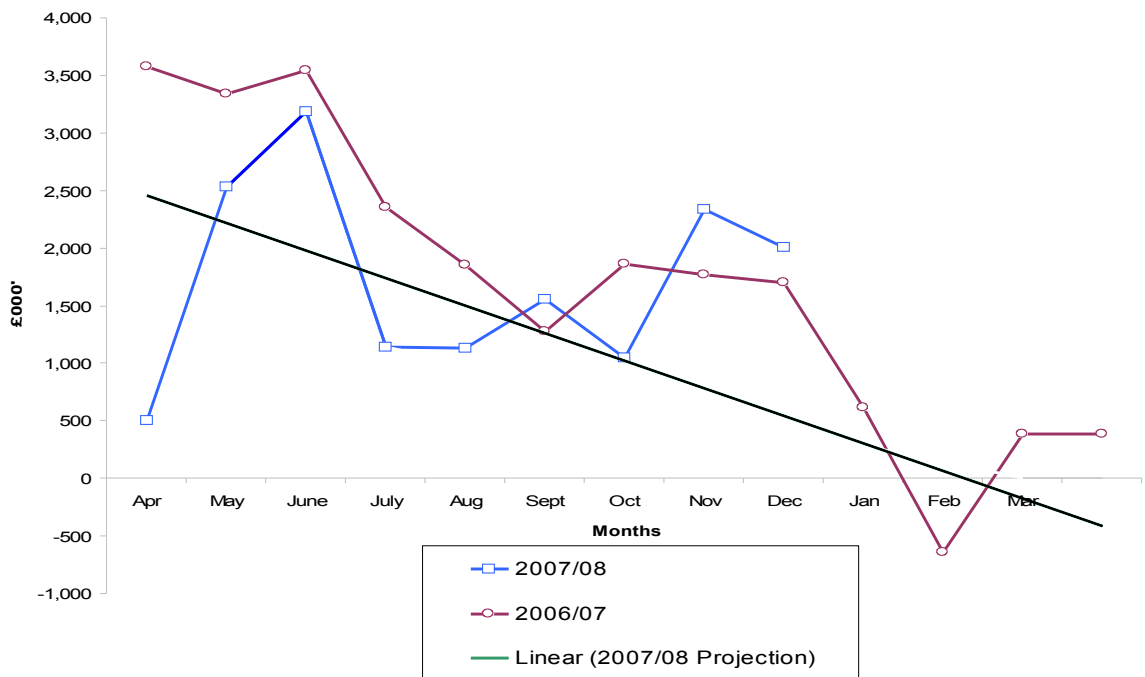
Table 20 – Departmental Outturn forecast as at 31st December 2007

DEPARTMENT		Budget 2007-08	Forecast Outturn 2007/08	Gross Variance (Under) / Over	Action Plan in Progress	Net Variance For Further Departmental Action
		£m	£m	£m	£m	£m
Adult Social Services		97.349	96.849	-0.500	0.000	-0.500
Children Young People & Learners		63.756	65.095	1.339	0.835	0.504
Environmental, Cultural & Public Protection		53.375	56.265	2.890	0.846	2.044
Housing (GF)		9.632	9.632	0.000	0.000	0.000
Planning & Transportation		7.749	7.749	0.000	0.000	0.000
Policy & Corporate Services		13.799	13.797	-0.002	0.000	-0.002
Finance & Resources		4.689	4.652	-0.038	0.000	-0.038

TOTAL	250.349	254.039	3.690	1.681	2.009
Contingency					-1.320
Total after allocation of Contingency					0.689

10.3 The monthly movements plotting the estimated outturn since the beginning of the year 2007/08 are contained in Graph 5 below. More detail can be found in the monitoring report in Appendix K.

Graph 5 - Current year comparatives for the forecast outturn



10.4 The Council needed to act rapidly to ensure that key services in ECPP are delivered as close to budget as possible. ECPP’s position has deteriorated considerably since the last report to Members. This has led to the Director of Finance and Resources placing ECPP expenditure back into control though the Central Expenditure Panel (CEP) process.

- 10.5 All other Departments have been instructed to ensure that whilst key services need to be delivered, Directors need to be clear that essential expenditure is a priority until ECPP have established that their expenditure budgets are controlled.
- 10.6 As a result of these actions, the Director of Finance and Resources is confident that the outturn will be balanced.
- 10.7 However, it is not prudent to assume that this will be the case so the planning assumption is that the remaining balance of the £2m contingency of £1.320m will be used.
- 10.8 Additionally, the Council is now forecasting that non Departmental budgets, such as interest on balances, will exceed budget expectations. However, the Director of Finance and Resources is currently reviewing the impact of several key initiatives, such as the Council's imminent Departmental restructure and pump priming the efficiency programme. These may have initial costs implications which need to be assessed before any net improvements in non Departmental budgets can be forecast.

11. CONSULTATION WITH NATIONAL NON-DOMESTIC RATEPAYERS (NNDR)

- 11.1 The Director of Finance and Resources has agreed that Croydon Business will facilitate the annual consultation by ensuring that a link to all publicly accessible information on the budget is made on Croydon Business's web site, allowing businesses to review the changes in the budget for 2008/09 and make comments to the Council. The outcomes of this consultation will be made in a verbal report to full Council.
- 11.2 The Council received £91.636m in 2007/08 as part of our formula grant from the NNDR pool, and contribute £103.636m into the pool, therefore the Borough's businesses are a net payer into the national pool, **paying in £12m**. The Provisional Settlement for 2008/09 shows Croydon receiving £100.521 from the national NNDR pool. Estimates of payments into the pool have yet to be published by CLG, but nationally, the NNDR distributable amount have increased by 10.8%, so it is anticipated that Croydon will remain a net contributor to the NNDR pool.

12. SUMMARY AND CONCLUSIONS

- 12.1 As all Members are aware, setting a budget for 2008/09 that is robust, balanced and deliverable has been challenging and has involved a number of difficult decisions for the Council. The position for 2009/11 remains challenging.

- 12.2 This budget report is based on the current financial projections for 2007/08. If any of the projections change significantly, this will have to be taken account of in the budgets for future years.
- 12.3 Appendix G contains the legally required recommendations to Council for setting the budget and Council Tax for 2008/09.

13. FINANCIAL CONSIDERATIONS

- 13.1 The report contains the financial implications of the options to deliver a balanced budget for 2007/08, the current position for the following financial year 2008/09 and the draft capital programme for 2008/13.

14. COMMENTS OF THE SOLICITOR TO THE COUNCIL

- 14.1 The Solicitor to the Council comments that the Local Government Finance Act 1992 contains the requirement to calculate and agree the Council's annual budget. This statutory duty remains with the Council and cannot be delegated to the Cabinet or to a Committee.
- 14.2 The Education Act 2005 introduced procedural changes for the setting of schools budget which allows for multiple year budgets rather than the current practice of setting budgets for the financial year.
- 14.3 The Local Government Act 2003 introduced new requirements for local authorities including the CIPFA Prudential Code. When taking budget decisions the Council is obligated to ensure adequacy of future year's reserves based on the advice of the Council's Statutory Officers. Members will note the reference to capping in Section 9 of the report.
- 14.4 The recommendations contained within this report meet the Council's statutory requirements.

(Approved by Julie B Belvir Council Solicitor, Secretary & Monitoring Officer.)

15. HUMAN RESOURCES CONSIDERATIONS

- 15.1 There are no direct Human Resources implications arising from this report. However, should the recommendations not be approved by the Cabinet, there will be indirect Human Resources implications.
- 15.2 The impact on the Council workforce plan resulting from the 2008/09 budget is shown in Table 21 with the full details set out in Budget Book in Appendix E

Table 21 – Workforce changes in 2008/09

Department	+	-	Total
Policy & Corporate Services	46.5	(28.8)	17.7
Finance & Resources	29.8	(14.5)	15.3
Education	27.2	(29.9)	(2.7)
Environmental, Cultural and Public Protection	0.0	(28.9)	(38.9)
Housing (General Fund)	1.9	(1.4)	0.5

Department	+	-	Total
Planning and Transportation	0.0	(3.8)	(3.8)
Social Services	13.8	(21.0)	(7.2)
Total	119.2	(138.3)	(19.1)

- 15.3 The Budget Book sets the annual establishment for the Council. In-year changes to the establishment are delegated to the Head of Paid Service within the Council's overall approved budget.
- 15.4 Where reductions in the workforce are required, the Council is required to consult and mitigate redundancies.
- 15.5 The Council published a People Strategy which was approved by Cabinet on the 16th July 2007. There are six themes within the Strategy:
- Organisational development;
 - Improvements for the workforce;
 - Equalities & diversity;
 - Performance management;
 - Organisation modernisation; and
 - HR & OD service development.

Workforce development and funding is allocated as part of the revenue Budgets of the General Fund and Housing Revenue Account. To deliver and resource the activities in the Strategy, and to ensure strong progress is made towards its delivery, departments were asked to identify priorities and fund the activities. This has formed a core part of the budget setting process.

(Approved by Mark Grimley, Head of HR & OD Business & Performance on behalf of the Divisional Director, HR & OD)

16. EQUALITIES CONSIDERATIONS

- 16.1 Consistent with the requirements of equal opportunities legislation including the Disability Equality Duty, the Council carries out an equality impact assessment on new policies, or existing policies which are the subject of major change.
- 16.2 The Council's Capital and Revenue Budget 2008/09 is not subject to an equality impact assessment. However, in those areas where the setting of the capital and revenue budget result in new policies or policy change, then it is the responsibility of the relevant service department to carry out an equality impact assessment which evaluates how the new or changed policy will impact on disadvantaged sections of the community, including disabled people. The impact assessment includes consultation with disabled people and user-led disabled people organisations.

17. ENVIRONMENTAL CONSIDERATIONS

17.1 There are a wide range of changes to budgets contained in the Budget for 2008/09 that will have impacts. These changes are contained in detail in the Budget Book for 2008/09.

18. CRIME AND DISORDER REDUCTION CONSIDERATIONS

18.1 There are a wide range of changes to budgets contained in the Budget for 2008/09 that will have impacts. These changes are contained in detail in the Budget Book for 2008/09.

19. HUMAN RIGHTS CONSIDERATIONS

19.1 The ability of the Council to deliver services, particularly with regard to Housing, Education and Social Services, is essential to ensure compliance with its obligations under the Act and European Convention Rights.

20. FREEDOM OF INFORMATION AND DATA PROTECTION CONSIDERATIONS

20.1 The strategies and budgets detailed in this report are accessible documents under the Freedom of Information Act and will appear in the Council's Publication Scheme.

Report Author:	Nathan Elvery
Contact Person:	Nathan Elvery
Background docs:	Financial Strategy