

Report for: Cabinet Meeting 11th December 2018

Item number:

Title: 2019/20 Budget/Medium Term Financial Strategy (MTFS)
2019/20-2023/24

Report authorised by: Jon Warlow, Director of Finance and Section 151 Officer

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Ward(s) affected: All

Report for Key/

Non/Key Decision: Key decision

1 Describe the issue under consideration

- 1.1 The Council is currently consulting on the Borough Plan 2019-2023 which sets out the proposed priorities for Haringey. These have been developed following significant engagement with residents and partners underpinned by a bank of evidence. The new Borough Plan Priorities are:
 - **Housing** - a safe, stable and affordable home for everyone, whatever their circumstances
 - **People** - our vision is a Haringey where strong families, strong networks and strong communities nurture all residents to live well and achieve their potential
 - **Place** - a place with strong, resilient and connected communities where people can lead active and healthy lives in an environment that is safe, clean and green
 - **Economy** - a growing economy which provides opportunities for all our residents and supports our businesses to thrive
 - **Your Council** - the way the council works
- 1.2 The Draft Budget and Medium Term Financial Strategy (MTFS) for 2019/20-2023/24 has been prepared in parallel, in order to align to and support the delivery of the Plan. The Draft Budget/MTFS has been prepared after taking into consideration the estimated revenue funding from all available sources together with estimated expenditure requirements. The settlement funding assessment (SFA) received by the council, comprises revenue support grant, retained business rates and top up business rates. This in effect reflects the level of funding received in Formula Grant and it continues to fall sharply, dropping by 6.1% in 2019/20.
- 1.3 The proposed 2019/20 budget includes an assumption of a 2.99% increase in Haringey's element of the council tax.

- 1.4 The Draft MTFS for 2019/20 – 2023/24 comes after 8 years of reductions in funding and against a background of a rising demand for services, particularly for Adults and Children's Services. Demographic change continues to drive demand in adults services, and to a degree in children's services. The Council has also seen significant and ongoing pressures on budgets for temporary accommodation. Increasing housing costs combined with changes in the benefits and welfare system have placed more pressure on households. This leads to overcrowding, evictions and homelessness and makes it more difficult for families to cope. All of these pressures further increase the support that families need from the Council, particularly in children's and housing services.
- 1.5 These pressures have meant that in the current year, both adults and children's budgets have overspent. Both services have found it extremely difficult to deliver some of the savings committed to in the previous MTFS as years of budget reductions have meant savings are increasingly difficult to identify and deliver, particularly alongside responding to increasing demand. Across the country, local authorities have seen a similar pattern.
- 1.6 Children's Services have not yet benefitted from additional central grant funding in the same way as Adults Services, but is subject to similar levels of service pressures and as evidenced from the 2017/18 outturn figures and the 2018/19 Qtr2 position. The 2019/20 budget process has acknowledged these factors and the MTFS when including new grants, additional council funding and the write off previous savings assumptions increases the 2019/20 budget available to Adults Services by £7.8m and Children's by £7m.
- 1.7 It is recognised that these draft commitments by the council increase the funding gap, putting pressure on these and other services to identify greater budget reductions both for 2019/20 and subsequent years. Should changes to the national funding regime/any further allowed budget flexibility make it possible to reduce the call upon the council's resources for these services, this will be addressed in the February report.
- 1.8 The MTFS agreed by Council in February 2018 recognised a budget gap of £11m in 2019/20 that would need to be closed through further budget reductions. The position has worsened due to pressures identified above and £9.8m of previously agreed savings which have not been able to be delivered. The Quarter 2 budget monitoring report, a separate item on the agenda for this meeting, recommends that these savings are written off. The proposed 2019/20 new budget reductions (i.e. savings, cuts and income generation) of £7m (rising to £12.8m by 2023/24) which are now recommended here to be consulted on, effectively replace those previous savings written off. In total, when the budget is finalised in February, it is presently estimated that the Council will need to have put into effect £6.5m of further budget reductions. This is after the planned utilisation of £10.5m of corporate reserves and balances in 2019/20. The current 2019/20 gap need to be addressed before the Final Budget/ MTFS is submitted to Cabinet and Council in February 2019.
- 1.9 The Council continues to have a structural funding gap in 2020/21 estimated at £18.4m - this rises to £26.4m in 2023/24. This will be reduced to the extent that further ongoing budget reductions are identified and putting into effect in 2019/20. The scale of the structural funding gap requires the Council to immediately focus on the options and potential solutions to address this position. This report contains a summary of the emerging ideas and this will need to be augmented and further developed as a matter of urgency if the

Council is going to be in a position to have a balanced budget for 2020/21 onwards.

- 1.10 The report considers all relevant components of the Council's revenue budget including the Housing Revenue Account (HRA) which is a ring fenced account for the delivery of the Council's social housing activities. Following the Government announcement in October that the previous cap on HRA borrowing would be lifted, officers have appraised the opportunities and wider financial implications that this significant policy change introduces. High level proposals are included in this report which will be further described in the final budget report in February 2019.
- 1.11 The Dedicated Schools Budget (DSB) which is ring fenced for the delivery of education services is also discussed. The 2019/20 grant is dependent on the final schools finance settlement due in December 2018.
- 1.12 The report also refreshes the Council's capital budget proposals for the 5 years of the MTFS in recognition of revised funding sources, the new Borough plan priorities and significantly the impact of the change to the HRA borrowing cap. The capital programme continues to be a critical component in delivering the aspirations of the council including delivering the Council's Housing agenda and a financial lever for the sustainability of the overall authority finances.
- 1.13 Uncertainties remain for the 2019/20 budget, even at this late stage in the process, not least the publication of the draft 19/20 finance settlement, which will be announced on 6th December, after the publication of this report. Whilst Haringey, along with the majority of Council's, agreed to a multi-year settlement which included 2019/20, this is still subject to the final confirmation, not available until January 2019.
- 1.14 Uncertainty from 2020/21 is even greater with the impact of Spending Review 2019 (SR19) not due until Autumn next year; the outcomes of the Government's Fair Funding Review, the Business Rates retention consultation and the impact of Brexit to name just the significant items. Due to the absence of any concrete information around these, the attached MTFS makes no assumptions around these.

2 Cabinet Member Introduction

- 2.1 The proposals set out in this report contain our initial response to delivering a five-year Medium Term Financial Strategy (MTFS) for 2019-2024 that will provide a clear financial plan during this unprecedented period of uncertainty for Local Authority budgeting. Significant challenges remain and this report still has a revenue budget gap of £6.5m for 2019/20. Work will continue over the next two months to identify solutions to bridge this in order for me to present a legal, balanced budget to Cabinet in February 2019.
- 2.2 Over the last 8 years our budget has reduced substantially, whilst demand has risen. Our population has grown and demographic change have brought demand pressures. The housing situation in London makes it more and more difficult for us to house people as more people are evicted by private landlords, and we have to pay more to make sure we have enough accommodation. Increasing rents and benefits cuts have placed more and more stress on families which further increases demand for our services, and,

alongside other trends like the increase in youth violence, means the cases we are dealing with are more complex.

- 2.3 It is becoming harder and harder to make further budget reductions. There is a huge risk that further cuts impact most on the most vulnerable or reduce the quality of life of the Borough's residents which is why you will see that the new savings proposals appended to this report for consultation, focus as much as possible on delivering efficiencies or increasing income instead of service cuts.

Manifesto Priorities

- 2.4 In its manifesto, the council's administration set out a number of priorities. While resources are limited, this Draft Budget proposes some important new investments.
- 2.5 This draft budget supports the delivery of youth services. We have significantly increased the investment in projects and programmes, particularly through successful partnership working with the Mayor of London and other partners, to keep our young people safe and ensuring that they can thrive and succeed. We are also proposing to invest more council resources into a youth services programme. Additionally, we are also proposing to invest into schools meals pilot.
- 2.6 We believe that everyone needs a decent wage. So we have already committed to becoming a London Living Wage employer, and this budget provides for that commitment to be delivered in a measured and sustainable way.
- 2.7 We have carried out our commitment to extend the Council Tax Relief Scheme (CTRS) to 100% for our least well-off families with children and will be asking Full Council to consider and approve a new (2019/20) CTRS policy in January 2019, following positive feedback during the consultation period. I am also proposing to increase the Haringey element of council tax by 2.99% in 2019/20, the first time for 9 years. This will generate circa £3m additional resource whilst the extension of the CTRS will protect those least able to pay.
- 2.8 The recent announcement to remove the HRA borrowing cap, which controls local authority borrowing for house building, from 29 October 2018 was welcomed as it will support us in delivering our commitment to deliver at least 1000 new council homes at council rents by 2022 and build our own housing on our own land. However, the current HRA business plan needed to be comprehensively reviewed to work through the implications of this and to ensure that we can report plans with confidence. Therefore, whilst some high level context has been provided in this report, the final, more detailed plans will be included in my February report.

Addressing budget pressures

- 2.9 The budget monitoring reports I have presented to Cabinet this year underline the significant pressures that we face to continue to provide the statutory services for our residents and businesses; the conflict between driving through challenging and often transformational change to service design in order to deliver planned savings, whilst meeting the increases in demand and

complexity. Childrens services in particular are seeing an increase in SEND cases, exacerbated by the legislative changes contained within the Children and Families Act (2014), which extended the age ranges that the provision of services applies to.

- 2.10 Households are coming under more pressure from welfare reductions and rising housing costs and there are more children with more complex challenges. Making sure that every child is able to meet their potential is a clear priority for the Council, but supporting our most vulnerable children is placing great demands on our budgets.
- 2.11 Though the scale of the challenges we face should not be underestimated, I am determined that we make the best choices we can and that we direct the resources to make the greatest difference to our residents and play our role as place shapers and system leaders. We must look at all means available as to how we address the situation.

3 Recommendations

- 3.1 It is recommended that Cabinet:

- 3.1.1 Note the initial budget proposals and financial planning assumptions set out in this report and note that they will be refined and updated after the provisional Local Government Finance Settlement is published on 6th December and also to incorporate further budget changes as required;
 - 3.1.2 Consider and note the draft 2019/20 budget/5 year MTFS (2019/20 to 2023/24) detailed in this report.
 - 3.1.3 To note that an updated Draft 2019/20 Budget/5 year MTFS (2019/20 – 2023/24) will be put to Cabinet on 12th February 2019 to be recommended for approval to the Full Council meeting taking place on 25th February 2019.
 - 3.1.4 Consider and note Draft Budget Reductions proposals summarised in section 8 and Appendices 2 and 3;
 - 3.1.5 Consider and note the Draft General Fund Capital Budget for 2019/20 – 2023/24 as set out in Appendix 4;
 - 3.1.6 Agree to commence consultation with residents, businesses, partners, staff and other groups as necessary on the draft revenue proposals for 2019/20-2023/24;
- 3.1.7 Note that the results of the consultation on the Draft Revenue Proposals will be considered by Cabinet on 12th February 2019 and recommendations made to Full Council at its meeting on 25th February 2019 for the Council's formal budget setting for 2019/20;
- 3.1.8 Note that the detailed proposals will be submitted to Overview and Scrutiny Committees/Panels in December 2018 and January 2019 for scrutiny and comments;

- 3.1.9 Note proposed changes to fees and charges in respect of executive functions will be considered by Cabinet on 12th February 2019 and those requiring approval by the Regulatory Committee to be considered at its meeting on 21st January 2019;
- 3.1.10 Note that the Housing Revenue Account (HRA) budget will be considered by Cabinet on 12th February 2019 and recommendations made to Full Council at its meeting on 25th February 2019 for the Council's formal budget setting for 2019/20.
- 3.1.11 Note the proposed changes to the draft Dedicated Schools Budget (DSB) set out in section 16 and that the final agreed budget will be presented to Cabinet on 12th February 2019.

4 Reasons for decision

- 4.1 The Council has a statutory requirement to set a balanced budget for 2019/20 and this report forms a key part of the budget setting process by setting out the likely funding and expenditure for that year. Additionally, in order to ensure the Council's finances for the medium term are put on a sound basis, this report also sets out the funding and expenditure assumptions for the following four years in the form of a Medium Term Financial Strategy.

5 Alternative options considered

- 5.1 The Cabinet must consider how to deliver a balanced 2019/20 budget and sustainable MTFS over the five-year period 2019/20 to 2023/24, to be reviewed further at Cabinet in February, and ultimately adopted at the final budget meeting of Full Council on 25th February 2019.
- 5.2 Clearly there are options available to achieve a balanced budget and officers have developed the proposals contained in this report for determining levels of both income and service provision in this report. These take account of the Council's priorities, the extent of the estimated funding shortfall and the Council's overall financial position. The February report will include the outcome of the local government finance settlement, other potential grants and any other development and further proposals required to achieve a balanced budget.
- 5.3 These proposals are subject to consultation both externally and through the Overview & Scrutiny process and the outcomes of these will inform the final budget proposals.

6 Background information

Local Government Finance Settlement 2016/17 to 2019/20

- 6.1 The 2016/17 local government finance settlement received in December 2015 provided Revenue Support Grant and other grant funding allocations for 2016/17 and indicative figures up to 2019/20. National funding figures (which exclude council tax, but include un-ring fenced grants) show a 5.1% reduction in government funding over the period 2018/19 to 2019/20, as shown in Table 1 below. Although, not shown in the below table, it should also be noted that national funding figures have reduced every year since 2010.

Table 1 – National Funding Figures (excludes council tax)

England				
	2016-17	2017-18	2018-19	2019-20
	£m	£m	£m	£m
Total SFA	18,601	16,632	15,574	14,398
Plus Additional Funding				
S31 Grant (2% cap in NDR)	165	175	275	376
New Homes Bonus (RSG)	1,275	1,042	728	690
New Homes Bonus (CLG)	210	210	220	210
Transition Grant	150	150		
Improved Better Care Fund		1,115	1,499	1,837
Rural Services Delivery Grant	81	65	81	65
Adult Social Care Support Grant		241	150	
Total Additional Funding	1,881	2,998	2,953	3,177
Total Funding	20,482	19,630	18,526	17,575
Percentage Change	(11.7%)	(4.2%)	(5.6%)	(5.1%)

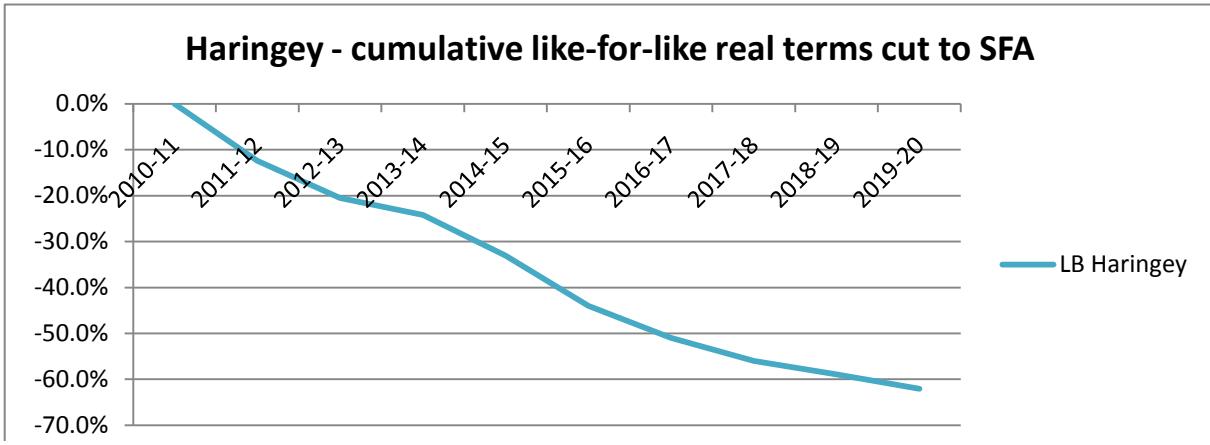
- 6.2 The equivalent national funding assumptions for Haringey are shown at table 2. Based on available information, it is estimated that all government funding support to Haringey will decrease by 6.1% in 2019/20.

Table 2 – Haringey equivalent of national figures (excludes council tax)

Local Forecast	2017/18	2018/19	2019/20
	£m	£m	£m
SFA - Local Forecast	114.9	111.6	103.9
Plus Additional Funding			
S31 Grant (2% cap in NDR)	4.0	5.0	4.8
Improved Better Care Fund	5.4	7.1	8.4
New Homes Bonus - Local Forecast	5.7	2.7	2.4
2017-18 ASC Support Grant	1.2	0.7	-
Comparable Resources	131.2	127.2	119.5
Percentage Change	4.3%	-3.1%	-6.1%

- 6.3 A further illustration of the level of funding reduction experienced by the council is shown in the below chart 1 which illustrates how the Settlement Funding Assessment (SFA) has reduced in real terms. Although, the largest annual funding reductions happened in the early years, government funding support in the form of SFA to Haringey has continued to fall and will fall further in 2019/20.
- 6.4 SFA was previously referred to as Start-Up Funding Assessment/Formula Grant. It comprises the council's Revenue Support Grant for the year, its retained business rates and top up business rates uprated year on year in line with RPI.

Chart 1 – Illustration of Formula Grant/SFA Reduction



- 6.5 The Settlement Funding Assessment (SFA) allocation for 2019/20 is fixed for Haringey as part of the multi-year settlement arrangement agreed to between local authorities and the government, but final approval is subject to the normal national statutory consultation processes and to parliamentary approval.
- 6.6 The government uses Core Spending Power (CSP) to measure *the core revenue funding available for a local authority to deliver services*. CSP comprises all corporate funding including the council's estimated council tax requirement, business rates (retained and top up), RSG and other non-ringfenced grants.
- 6.7 The council's Core Spending Power (CSP) shows a smaller percentage reduction of 1.5% in 2019/20 as set out in table 3 below. This is because council tax continues to grow in contrast to core (government) funding and consequently as a proportion of overall council revenue.

Table 3: Haringey Core Spending Power (includes council tax)

Local Forecast	2017/18 £m	2018/19 £m	2019/20 £m
SFA - Local Actual/Forecast	114.9	111.6	103.9
Plus Additional Funding			
Council Tax	93.8	98.8	103.1
S31 Grant (2% cap in NDR)	4.0	5.0	4.8
Improved Better Care Fund	5.4	7.1	8.4
New Homes Bonus - Local Forecast	5.7	2.7	2.4
2017-18 ASC Support Grant	1.2	0.7	-
CSP Actual/Forecast	225.0	226.0	222.5
Percentage change	0.4%	0.4%	-1.5%

- 6.8 There are 5 main sources of funding for the Council:
- Business Rates (Retention/Top up) and Revenue Support Grant
 - Council Tax
 - Core Grants
 - Fees and Charges
 - One of Use of Reserves
- 6.9 At the time of writing the Council is waiting for the local government settlement announcement which will provisionally set out the financial support that the Council will receive from government. Taking into account the uncertainties

outlined above, the assumptions currently built into the proposed 5 year MTFS set out in this report are set out below.

Revenue Support Grant (RSG)

- 6.10 The Spending Review (December 2015) set the level of residual RSG for Haringey at £21.6m for 2019/20 (£30.2m in 2018/19). The latest MTFS assumes that RSG will continue beyond 2019/20.
- 6.11 The actual Settlement Funding Assessment (Business Rates Retained; Business Rates Top-Up; and Revenue Support Grant) amounts are determined on the basis of historic needs assessment. The last time this assessment was undertaken was for the 2013/14 settlement. The sources of funding of SFA allocations announced at settlement are Revenue Support Grant and Business Rates (with the Revenue Support Grant being guaranteed and the Business Rates element being subject to local collection versus target).
- 6.12 The fair funding review is underway and will largely impact local authority financing in the following ways/areas:
- **Determining Need** – attempting to simplify the Formula used in distributing funding by using a combination of generic and service specific cost drivers. It is possible that authorities could gain or lose from this re-assessment of need. In particular, for high population growth areas, such as Haringey, how population figures are determined and updated will be crucial in determining future funding allocations.
 - **Determining Resources** – Currently, the resources block of the Formula ignores the council tax amount charged by a local authority, so that only the council tax base is used in the calculation. The review will look into whether it is appropriate for a new Formula to include a notional council tax amount that is regularly updated.
 - **Transition Arrangement** – this will be about damping the effect of significant movement in funding levels for individual authorities including how long any damping should be applied.
- 6.13 The work is at an early stage, so it is difficult to make an assumption on the potential impact of changes to the Formula on Haringey. Officers will continue to input into the process and monitor developments of this review and update forecasts accordingly. This will affect how much and for how much longer councils continue to receive Revenue Support Grant.
- 6.14 The Spending Review 2019 (SR19) will effectively reset all government departmental spending plans to 2023/24, although, at this stage it is uncertain whether it will cover more than one year, largely due to the uncertainties around Brexit.
- 6.15 In the October 2018 Budget, the Chancellor indicated an increase of 1.2% annually in real terms from 2019/20. However, given the government commitment over the existing spending review period to prioritise the NHS and education compounded by the volatility caused by Brexit it is uncertain whether any additional funding will be put into local government. Whatever the final outcome, SR19 will impact budgets from 2020/21 and will need to be monitored carefully.

Business Rates

- 6.16 The government has revised the level of business rates retention that will be built into future year's local government financing. It had previously announced that retention will be at 100% - this has now been revised to 75%. In preparation for the national rollout of the 75% retention scheme in 2020/21, the pilots in 2019/20 will be set to 75% retention. This will result in the London business rates pilot pool, which Haringey is part of, retaining less income for distribution in 2019/20.
- 6.17 A number of changes were introduced to business rates in April 2017 including revaluation of the business rates base. Although, the revaluation was revenue neutral nationally, some businesses in Haringey would have seen increases in their business rates charges. For small businesses in this position, relief was provided in the form of a three year transitional grant that is administered and distributed to affected businesses in each year during the transition period.
- 6.18 The government has now confirmed that business rates baselines will be reset from April 2020. As to whether this is advantageous or not will be determined by the level of the baseline funding that government sets in relation to what we are actually able to collect.
- 6.19 Realisation of business rates income is dependent on collection performance, prevailing economic conditions and decisions on appeal by the Valuation Agency Office, although some risk has already been built into the target. Business rates income is expected to grow (including inflation) by £4.8m in 2019/20 including the beneficial impact of being part of the London business rates pool.
- 6.20 The government has indicated that the no detriment guarantee on the business rates retention pilots will be removed for 2019/20. Although, this does not directly affect Haringey because the council is a top up authority, it can indirectly impact on the level of additional benefit available for the London pool to share among its partners. However, given the likelihood that the council will not be affected by the change to the no detriment clause, the MTFS assumptions on business rates remain unchanged. The net gain in the region as a whole will still be distributed in such a way that all partners receive a share of the benefits of growth.

Council Tax

- 6.21 The latest position on council tax income for 2018/19 is that tax base and increases during the year will result in an additional income to the council. The council tax base numbers will be reviewed and finalised in January 2019. This is a delegated decision to the Section 151 officer in consultation with the portfolio holder for Finance.
- 6.22 Full Council is scheduled to consider a new (2019/20) CTRS policy on 31 January 2019. The policy, if approved, will include the increase of the maximum council tax reduction from 80.2% to 100% for working age claimants with children. The CTRS is also updated to align the council policy with national welfare changes. The cost of the new policy is estimated at £1.5m. Full Council will also consider a separate report on council tax discounts policy at this meeting. The proposed Budget/MTFS has made provision to fund the cost of the new policy. The final figures relating to the policy will be confirmed in January 2019.

- 6.23 The council tax collection fund account has had surpluses ranging between £4m and £6m over the past few years. In recognition of this, the MTFS for 2018/19 assumed a surplus generated on the collection fund of £4m which was achieved at 2017/18 outturn. The 2019/20 budget assumes a surplus of £2.65m on 2018/19 collection fund outturn. This assumption will be kept under review during the remainder of the budget process.
- 6.24 Key assumptions in the MTFS on council tax are that:
- The proposed budget assumes a 2.99% increase in council tax in 2019/20 following a period of 9 years when Haringey's element of the council tax had been frozen and increases of 1.99% are assumed for each of the subsequent year's (for modelling purposes) in the planning period for this MTFS.
 - The government determines the maximum council tax increase (referendum limit) each year. Therefore, the assumptions in the MTFS are subject to government confirming the referendum limit for 2019/20 at 2.99% and at 1.99% or above for each of the subsequent years in the planning period.
 - This would result in an increase in the Band D council tax of £38.32 per annum (£0.74p per week) taking the 2019/20 charge to £1,319.89.
 - No Adult Social Care (ASC) precept is proposed in 2019/20 as the council has already raised the permitted ASC precept of 6% (3% in 2017/18 and 2018/19).
 - The tax base is assumed to grow by at least 1% per annum throughout the MTFS planning period;
 - The collection rate will be at least 96.25% throughout the planning period.

- 6.25 The resulting projections for council tax income are set out below. These figures are subject to confirmation of the council tax base, which is due to be finalised in January 2019. There has also been an announcement that authorities will be able to raise empty homes council tax premium from the current level of 50% to 100%. This will be addressed in subsequent reports and, if adopted, have a minor positive financial impact.

Table 4 – Council Tax Assumptions 2019/20 – 2023/24

COUNCIL TAX ASSUMPTIONS						
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Taxbase	78,916	80,096	81,151	82,005	82,866	83,736
Taxbase change	1.5%	1.3%	1.0%	1.0%	1.0%	1.0%
Taxbase for year	80,096	81,151	82,005	82,866	83,736	84,612
Collection Rate	96.25%	96.25%	96.25%	96.25%	96.25%	96.25%
Taxbase after collection rate	77,093	78,108	78,930	79,759	80,596	81,439
Council Tax increase	0%	2.99%	1.99%	1.99%	1.99%	1.99%
Social Care precept	3%	0%	0%	0%	0%	0%
Band D rate	£1,281.57	£1,319.89	£1,346.15	£1,372.94	£1,400.26	£1,428.13
Council Tax Before Surplus (£000)	£98,800	£103,094	£106,252	£109,504	£112,855	£116,306
Previous Year (Estimated) Surplus	£3,118	£2,650	£2,150	£2,150	£2,150	£2,150
Council Tax Yield (£000)	£101,917	£105,744	£108,402	£111,654	£115,005	£118,456

- 6.26 The proposed council tax increase and the growth in council tax base is projected to generate additional income of £4.3m. A 1% increase in council tax is estimated to generate a further circa £1m. This does not include forecast collection fund surplus of £2.65m and the estimated impact of the new CTRS policy going to council in January in 2019 – these are however included elsewhere in the budget/MTFS. The February version of table 4 will be adjusted to incorporate the impact of the CTRS policy.

Core Grants

- 6.27 The Council will also receive a number of specific or special grants in addition to its main funding allocation. The Council is mostly allowed to use these grants to fund any council services but some are ring-fenced, which means they can only be spent on specific services.
- 6.28 The level of core grants for 2019/20 announced as part of the 2016 multi-year settlement are provisional until confirmed in January 2019. The MTFS assumptions for these grants are as follows:
- Improved Better Care Fund increases by £3.4m to £6.8m;
 - Additional Improved Better Care Fund reduces from £3.8 to £1.6m
 - New Homes Bonus is forecast to reduce from £2.7m to £2.4m;
 - Adult Social Care Grant not notified yet, so assumed nil (usually announced in February 2019);
 - Public Health Grant to reduce by £0.5m to £19.7m;
 - Housing Benefit & Council Tax Administration to reduce by £0.5m to £1m; and
 - Winter allowance maintained at £1.1m – no change.

- 6.29 It was confirmed in January 2017 that the New Homes Bonus (NHB) scheme will now continue indefinitely. At the time of this announcement, government also changed the process for awarding NHB from 2017/18 onwards and top sliced NHB to provide one off funding for Adult Social Care (ASC) grant further

reducing NHB funding to local authorities. This amount top sliced has not been returned to local authorities and this annually announced funding allocation from ASC grant reduced by nearly 50% in 2018/19. The notification of any ASC grant for 2019/20 is not expected until February 2019, so no assumptions have been made.

6.30 The government has confirmed the following on the NHB Scheme:

- Funding for 2019/20 remains at pre-announced levels subject to any reduction in national NHB total funding;
- Funding will be for 4 years' worth of growth;

A national baseline of growth was adopted below which no payment is made for the year in which growth was below the baseline. This was set at 0.4% for 2018/19; and the government retains the option to adjust this baseline for 2019/20 and beyond, but there are currently no plans to do so.

Fees and Charges

- 6.31 The council's currently generates circa £16m from fees and charges. The external income policy requires service managers to review the level of fees and charges annually as part of the budget setting process. In the main, fees and charges should increase by inflation and be set at a level, where as a minimum, the full cost of provision is recovered through the price structure to maximise allowable income.
- 6.32 The setting of fees and charges, along with raising essential financial resources, can contribute to meeting the Council's objectives. Through the pricing mechanism and wider market forces, outcomes can be achieved and services can be promoted through variable charging policies and proactive use of fees to promote or dissuade certain behaviours.
- 6.33 Each year the Council reviews the level of its fees and charges through consideration of a report by the Cabinet and its Regulatory Committee where it is a requirement that they are considered and approved outside of the Executive.
- 6.34 The Regulatory Committee and Cabinet will consider separate reports in January 2019 and February 2019 respectively, which will bring together those areas where fees and charges apply. Where there is a service proposal to raise them at a rate other than a simple inflationary increase this will be highlighted for specific approval, including where this has already been included as a saving proposal.
- 6.35 It should be noted that the work already undertaken has led to the new budget proposals contained in this report including £3.3m related to additional income for the Council, the majority in relation to the Place priority.

Use of Reserves

- 6.36 The Council's (Non-Earmarked) General Fund Balance is held to cover the net impact of risks and opportunities and other unforeseen emergencies. This

funds held in the General Fund Reserve can only be used once and therefore non-recurring source of income that can mitigate the underlying budget gap.

- 6.37 The proposed 2019/20 budget draws down a total of £10.5m from three earmarked reserves to mitigate the level of savings needed to balance the budget this year. In line with purpose of reserves, an amount of £5m will be released from the Budget Resilience Reserve which was set aside as part of the February 2018. This is made possible by additional funding put into this reserve at the close of 2017/18. A further amount of £4.6m will be released from the Financing (budget risk) Reserve. This reserve was again established at the close of 2017/18. Latest forecast of adequate capital receipts means that this reserve is no longer required for its intended purposes. The third amount is £0.9m from a grants reserve no longer required.
- 6.38 In the 2018/19 MTFS, the budget resilience reserve was established to help manage the potential non-deliverability/slippage of planned budget reductions. The refreshed MTFS assumes that this will be maintained throughout the MTFS period with a contribution of £7.2m from revenue in 2019/20.
- 6.39 The Council reaffirmed its previous decision to set non-earmarked General Fund balances at £15m in February 2018. The 2018/19 budget was balanced without the need to draw down from General Fund balances. The Draft Budget for 2019/20 at this time still has a deficit of £6.5m. The council continues to work on further options and solutions in order to redress this deficit and have a balanced budget by the time of its Council meeting in February 2019. Should this not be achieved, in all or part, there would be a need to draw down from General Fund balances. Every effort should be made to avoid this as this would impact negatively on the future financial sustainability of the council.
- 6.40 This strategy is in line with the principle of using specific earmarked reserves as a one-off measure to smooth the impact of savings deliverability. The overall reserves position will be reviewed again between now and the February Full Council budget setting report to ensure that the recommended level of reserves is still appropriate and commensurate with overall level of risk associated with the Council's 19/20 budget and overall MTFS.

Funding Summary

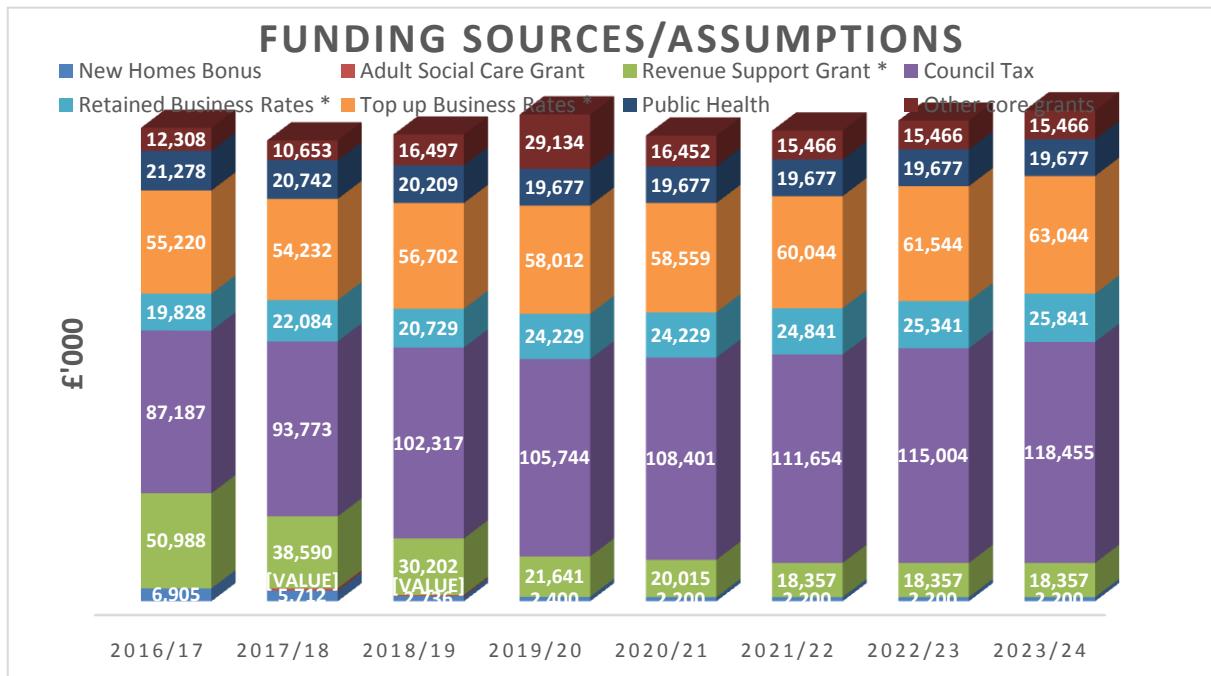
- 6.41 A summary of the funding assumptions and breakdown of funding sources is set out in the table and chart below.

Table 5: Summary of funding sources/assumptions 2016/17 -2023/24

Source of Funding	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Revenue Support Grant *	50,988	38,590	30,202	21,641	20,015	18,357	18,357	18,357
Retained Business Rates *	19,828	22,084	20,729	24,229	24,229	24,841	25,341	25,841
Top up Business Rates *	55,220	54,232	56,702	58,012	58,559	60,044	61,544	63,044
Council Tax	87,187	93,773	102,317	105,744	108,401	111,654	115,004	118,455
New Homes Bonus	6,905	5,712	2,736	2,400	2,200	2,200	2,200	2,200
Adult Social Care Grant	0	1,195	718	0	0	0	0	0
Other core grants	12,308	10,653	16,497	29,134	16,452	15,466	15,466	15,466
Core Spending Power	232,436	226,238	229,901	241,159	229,856	232,561	237,912	243,363
Public Health	21,278	20,742	20,209	19,677	19,677	19,677	19,677	19,677
TOTAL (External) Funding	253,714	246,980	250,110	260,836	249,533	252,239	257,589	263,040
Contribution from Reserves	0	8,782	0	10,487	0	0	0	0
TOTAL FUNDING	253,714	255,762	250,110	271,323	249,533	252,239	257,589	263,040

6.42 Direct contribution to local government financing has reduced significantly as a proportion of overall budget funding. Consequently, a larger proportion of funding for the services provided by the Council are raised locally. The chart below illustrates how Haringey's funding sources is set to change in the future. It should be noted that if this was illustrated in real terms, it would show a pronounced reduction in such funding sources across this period.

Chart 2 – Breakdown of Funding Sources/Assumptions (2016/17 – 2023/24)



- 6.43 The latest funding announcement is expected on 6th December and an update will be provided as part of the February budget report.
- 6.44 The level of uncertainty to Haringey's external funding is unprecedented from 2020/21. Each of the elements will be monitored closely to ensure the medium term financial projection reflects likely future material variances. In addition to monitoring developments, officers will also be contributing to consultation

papers and engaging with other stakeholders where appropriate, to try and influence the changes made in a positive way for the borough.

7 Expenditure assumptions and budget gap

2018/19 Financial Performance – Revenue

- 7.1 At Quarter 2 (December 2018 Cabinet report) the Council is projecting a full-year deficit of £9.3m after corporate application of mitigations of £6.4m. A significant amount of this is being driven by previously agreed savings now no longer being deemed as achievable; the remainder is largely in priorities 1 and 2 which continue to face increasing demand pressures.
- 7.2 Of the net overspend, Adults and Children's account for (£5.6m) and (£5.0m) respectively, mitigated down by some underspends elsewhere in the corporate revenue budgets.
- 7.3 Close attention will continue to be paid over the remaining months for further mitigations that can bring the final outturn position closer to a balanced position; a key strand of this work is a thorough review of financial and performance data held on 'mosaic', the council's social care management system. This work will also be a key tool in delivering the new service transformational savings in these two demand led services.
- 7.4 The agreed 2018/19 budget required that services deliver a total of £15.7m including £9.3m of brought forward savings from 2017/18). The current projections show that brought forward savings are no longer achievable, so in order to maintain the integrity of the MTFS, it is proposed in the Quarter 2 budget monitoring report, a separate item on the agenda for this meeting, that these savings are written off.
- 7.5 The new budget reduction proposals contained within this report (Section 8) are based on more detailed early business planning assessment. This combined with better implementation and monitoring approaches must achieve a stepped improvement in the rollout of the 2019/20 budget reduction programme.
- 7.6 The cost of providing support to our vulnerable residents continues to grow which is manifested in the level of overspend in adult and children social care. The assumptions underpinning the estimated increases built into the MTFS for adult and children social care are set out in section 9. Homelessness also continues to be an issue in Haringey given the caseload of homeless people.

2018/19 Financial Performance – Capital

- 7.7 The overall capital programme as at Quarter 2 is £229.2m of which £161m is General Fund and £68.3m relates to the HRA. The projected outturn is £174m resulting in a variance of £55.1m. Of this variance, £54.1m relates to the General Fund. Significant variances are detailed below.
- 7.8 Priority 4 (Regeneration and Growth) is projecting an underspend of £22.8m. £12.8m relates to the Tottenham Hale regeneration project that is dependent upon a range of external factors. The Wards Corner CPO scheme (£5m) is not

expected to spend this financial year and the Strategic Acquisition budget will under achieve by £3m.

- 7.9 Priority 5 (Housing) is projecting an underspend of £9.9m which primarily relates to the budget for the acquisition of temporary accommodation via the community benefit society.
- 7.10 Priority X (Enabling) is projecting an underspend of £12.8m. The three ICT related budgets have a combined underspend of £8.4m and the Responsiveness Fund budget is not projecting to spend.

8 Net expenditure reduction proposals 2018/19-2023/24

- 8.1 In addition to previously agreed savings from earlier MTFS process, the approved 2018/19 budget required the council to make total savings of £15.7m. Of these savings, £9.3m related to previously unachieved savings that were brought forward from 2017/18 and further savings of £6.5m in Feb 2018. The below table sets out revised pre-agreed savings position for the planning period from February 2018.

Table 6: Existing MTFS (2018/23) Approved Savings

Priority Area	2018/19	2019/20	2020/21	2021/22	2022/23	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Priority 1 - Children Services	1,748	310	-	-	-	2,058
Priority 2 - Adults Services	2,390	2,474	2,990	2,990	2,990	13,834
Priority 3 - Environment & Neighbourhood Services	1,660	150	-	-	-	1,810
Priority 4 - Regeneration & Growth	50	-	-	-	-	50
Priority 5 - Housing Services	50	120	-	-	-	170
Priority X - Corporate Services	551	3,400	1,500	20	-	5,471
Total	6,449	6,454	4,490	3,010	2,990	23,393

- 8.2 In addition to the above pre-agreed net expenditure reductions in table 6, the 2018/19 MTFS acknowledged an £11m gap including the £3.75m for pay hold in 2019/20.
- 8.3 Services were asked to identify budget reduction proposals against indicative targets, to offset this gap as well as the impact on any undeliverable savings and growth. Officers worked toward the following broad guiding principles:
 - Identify if we are spending money on things that are not a stated priority;
 - Identify opportunities for contract efficiencies or changes to service specifications (quality/ frequency/ scope)
 - Identify further commercial, income generating or invest to save options
 - Understand where providing choice may be driving higher cost;
 - Alternative ways of meeting needs;

- Ensure that where we are providing early help or preventative services that there remains a clear business case; and
 - Identify if we are using disproportionate resources for relatively small additional gains.
- 8.4 In addition to the above actions Adults and Children's Services had workshops facilitated by the LGA and also peer group review sessions with other London boroughs to help refine, challenge and identify further opportunities.
- 8.5 Finally, budget challenge sessions for each priority area were led by the Chief Executive and the Director to identify additional opportunities that could help inform future budget reduction proposals.
- 8.6 The outcome of the above process led to £12.8m of new budget reduction proposals across the MTFS planning period being proposed (£7m) here which are summarised by priority in the table below. Appendix 2 provides more detail, with the individual pro-formas supporting each proposal, available online.

Table 7: Summary of new budget reduction proposals (2019/20–2023/24)

Priority Area	2019/20	2020/21	2021/22	2022/23	2023/24	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Priority 1 - Children Services	1,602	401	90	0	0	2,093
Priority 2 - Adults Services	2,000	1,049	195	280	100	3,624
Priority 3 - Environment & Neighbourhood Services	1,665	1,565	600	70	70	3,970
Priority 4 - Regeneration & Growth	560	15	0	0	0	575
Priority 5 - Housing Services	920	708	573	0	0	2,201
Priority X - Corporate Services	319	5	5	6	6	341
Total	7,066	3,743	1,463	356	176	12,804

- 8.7 These proposals will be subject to consultation and further refined over the next few weeks. This will include a review by services of currently planned budget reduction proposals for 2020/21 or later with a view to bringing forward the implementation timeframe for these proposals.
- 8.8 In addition to the options that make up the totals in the above table, services are working on further expenditure reduction options that can mitigate the underlying budget gap including the 2019/20 gap. This is discussed further in section 11.

Non delivery of previously agreed net expenditure reduction

- 8.9 The agreed 2018/19 budget required that services deliver a total of £15.7m including £9.3m of brought forward budget reductions from 2017/18).

Table 8: Projected 2018/19 Savings Shortfall by Priority

	2017/18 B/Fwd MTFS	Pre- Agreed MTFS 2018/19	New MTFS 2018/19	Total Savings to Deliver (2018/19)	Savings Projected to be Achieved 2018/19	Savings Shortfall Carried Forward
	£'000	£'000	£'000	£'000	£'000	£'000
Priority 1 - Children Services	2,857	1,748	-	4,605	375	4,230
Priority 2 - Adults Services	2,900	-	2,390	5,290	1,998	3,292
Priority 3 - Environment & Neighbourhood Services	75	1,660	-	1,735	1,155	580
Priority 4 - Regeneration & Growth	250	-	50	300	300	-
Priority 5 - Housing Services	-	-	50	50	50	-
Priority X - Corporate Services	218	301	-	519	519	-
Council Wide	2,966	250	-	3,216	812	2,404
Total	9,266	3,959	2,490	15,715	5,209	10,506

- 8.10 In the Quarter 2 budget monitoring report, £9.8m of these savings are being proposed to be permanently written out as unachievable. This helps maintain the future integrity of the MTFS.

Total 2019/20 budget reductions

- 8.11 The total budget reduction expectation for 2019/20 taking into account brought forward savings, written off savings and new budget reduction proposals are set out in the below table.

Table 9: 2019/20 budget reduction by Priority

Priority Area	2017/18 Brought Forward £'000	2019/20 Pre- Agreed £'000	Proposed W rite Back £'000	Net Carried Forward £'000	New (2019/20) £'000	2019/20 Total MTFS £'000
Priority 1 - Children Services	4,321	310	4,631	-	1,602	1,602
Priority 2 - Adults Services	2,900	2,474	2,984	2,390	2,000	4,390
Priority 3 - Environment & Neighbourhood Services	-	150	-	150	1,665	1,815
Priority 4 - Regeneration & Growth	-	-	-	-	410	410
Priority 5 - Housing Services	-	120	-	120	1,070	1,190
Priority X - Corporate Services	2,404	3,400	2,404	3,400	319	3,719
Total	9,625	6,454	10,019	6,060	7,066	13,126
Gap (reductions to be identified)						6,521
Total budget reductions required						19,648

9 Budget (Growth) Pressures

- 9.1 The MTFS also allows for unavoidable budget growth to the extent that can be afforded. These relate to non-controllable costs such as pay/non-pay inflation costs, pensions costs relating to retired/deferred members of the pension fund and payments due to levying bodies. Growth proposals for 2019/20 are set out below:

- Policy Priorities

○ School Meals Pilot	£0.05m
○ Youth Services Programme	£0.25m
○ Council Tax Reduction Scheme	£1.5m
● Pensions Costs	£1.6m
● Pay Inflation	£2.0m
● Non Pay Related Inflation	£1.5m
● Treasury and Capital Financing	£3.5m
● Levies	£2.6m
● Children's Services	£7.0m
● Adult Services	£7.8m

- 9.2 Although, the council has very limited scope to put more funding into policy priorities, it has targeted three areas: youth services programme, school meals pilot and council tax reduction scheme.
- 9.3 The pensions cost pressure relates to additional employer's contribution to the pension fund requirement arising from the triennial revaluation of the Fund undertaken in March 2017. The working assumption is that a further £1.5m will be required following the next revaluation in March 2020.
- 9.4 The growth relating to treasury and capital financing is required to fund the council's capital programme and the increased borrowing requirement set out in the council's treasury management strategy statement that will be considered at Full Council in February 2019.
- 9.5 The council received a one-off reduction of £2.6m in its waste levy from the North London Waste Authority in 2018/19 when the waste authority agreed to apply credit balances that Haringey had built up over the years to offset the annual waste levy. The 2019/20 waste levy amount is expected to increase by £2.6m back to the usual level.

Children's Social Care

- 9.6 The key cost drivers in children's social care are the number of Looked After Children (LAC), the type of placement for those children (residential, secure, foster care or semi-independent living), and the unit costs of placements. The number, and cost of Permanency cases (special guardianship and adoption), and the number of Care Leavers are also key cost drivers. This is a demand-led service, with a direct correlation between the complexity of need, the type of placement provided and the costs of those placements.
- 9.7 LAC accounts for 77% of placement costs, with Permanency and Care Leavers accounting for 14% and 8% respectively. The costs incurred by children's social care, is net of grant funding for Unaccompanied Asylum Seeking Children (UASC), and contributions from health and education partners towards the costs of provision for children with special needs. Modelling of future costs is based on the current cohort, adjusted for future pathways and anticipated numbers of starters and leavers.

- 9.8 The current LAC rate per 10,000 is 71 (September 2018 snapshot). This rate has remained broadly consistent over the last two financial years (72 in 2016/17, and 70 in 2017/18).
- 9.9 For permanency cases, the assumption is that current rates of cases moving from LAC to special guardianship/adoption will continue. For care leavers, new cases will predominantly be LAC who reach the age of 18, and cases which arise through homelessness or eligible young people returning to seek support from the service. The statutory duty to provide a Personal Adviser to children in care, was extended to the age of 25 (effective April 2018).
- 9.10 Children's budget has come under significant pressure over several years. Despite this increase in pressure, no additional funding has been provided to specifically mitigate the increase in client numbers, complexity of the cases being managed or market related price increase. Therefore, it has become increasingly difficult to deliver the required service to residents within the approved children's budget. The service has been unable to achieve much of its savings target over the past few years leading to year on year budget overspends – the latest projection is that the service will overspend by £7m (£5m after corporate mitigation) in 2018/19.

Adult Social Care

- 9.11 The key cost drivers in adult social care are a) the number of clients in receipt of long-term support and b) the cost and duration of long-term support service. 4,000 people have been diagnosed with severe mental illness in Haringey, which at 1.3% of the population, is significantly higher than the London average of 1.1%. There are currently 1,090 people living with a learning disability in Haringey, with prevalence of learning disabilities being similar to the London average. There are significant gaps in healthy life expectancy between populations in Haringey with the gap in healthy years of life between richest and poorest deciles being 15 years for men and 17 years for women.
- 9.12 Further projected increase in demand is expected to be driven by demographic changes, with Haringey's population predicted to increase to 294,829 by 2028, an increase of 4%. The largest increases are predicted in older age groups
- The 65-84 group will rise from 24,054 to 31,103 people
 - The 85+ age group will rise from 3,136 to 4,209 people
- 9.13 There are also inflationary pressures across the whole of the care provider market which will have a cost impact on adult social care. In particular, Haringey's commitment to ensuring that all workers are paid no less than the London Living Wage has implications for the cost of home support.
- 9.14 The Adults' budget is another area that has experienced significant pressure over the past years but, unlike the children's budget has had additional funding provision. Although, the service has been successful in delivering many of its planned savings in the past few years, there are historic savings that will not be achieved. These savings are now proposed to be written off.

Funding Care Services Pressures

- 9.15 Both services have found it extremely difficult to deliver some of the savings committed to in the previous MTFS as years of budget reductions have meant savings are increasingly difficult to identify and deliver, particularly alongside responding to increasing demand. Across the country, local authorities have seen a similar pattern. In recognition of the financial pressures within social care, the Government has committed to some short term funding increases in this area. It is important to note that these are not structural budget solutions, they are simply additional money for next year, as it stands. Two new grants have been announced recently – funding to adult social care specifically to reduce winter pressures on local NHS services, and a social care support. These grants provide some temporary diminution of the pressure on these acute services but do not provide a long term solution.

Table 10: 2019/20 One-off Care Funding

	2019/20 £'000
Adult Social Care and Children's Social Care Grant	1,960
Additional Improved Better Care Fund	1,621
Winter Pressure Allowance	1,148
Total One Off Care Funding	4,729

- 9.16 The government has stated that the new social care support grant should be used where necessary by local authorities to ensure that adult social care pressure do not create additional demand on the NHS. They can also use it to improve their social care offer to older people, people with disability and children. The recent annual Budget statement announced that this new grant will be a further £410m nationally in 2019/20 notionally for both adults and children's social care. Haringey is due to receive £1.96m. Children's Services have not yet benefitted from additional central grant funding in the same way as Adults Services, but is subject to similar levels of service pressures. It is therefore proposed that the new social care support grant be equally divided between Adults and Children's Services. Adults Services will also receive additional corporate funding equivalent to the level of the grant channelled toward Children's Services.
- 9.17 For Children's Services the 2019/20 proposed MTFS acknowledges the pressures and in £7m growth which is part funded (£1m) from 50% of the social care support grant and mainly funded through £6m of additional corporate resources (including write offs of undeliverable savings).
- 9.18 Similarly for Adults Services, the MTFS builds in £7.8m growth which includes the other 50% of the social care grant, the additional improved better care fund and the winter pressures allowance; and additional corporate resources (including the write offs of the undeliverable savings)
- 9.19 It is recognised that these draft commitments by the council inevitably increases the funding gap, putting pressure on these and other services to identify greater budget reductions both for 2019/20 and subsequent years. Should changes to the national funding regime/any further allowed budget flexibility make it possible to reduce the call upon the council's resources for these services, this will be addressed in the February report.

10 Summary Revenue Budget Position 2018/19-2023/24

- 10.1 The summary revenue budget position which includes current projected gap/further to be identified in each of the year of the MTFS period. This position is subject to approval of proposed budget reductions or the addition/deletion of submitted or previously approved proposals.

Table 11: Summary (Draft) Budget 2019/20-2023/24

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Priority 1 - Children Services	54,525	59,291	58,890	58,800	58,800	58,800
Priority 2 - Adults Services	91,809	98,128	93,544	93,538	93,577	93,477
Priority 3 - Environment & Neighbourhood	27,920	27,189	25,624	25,024	24,954	24,884
Priority 4 - Regeneration & Growth	4,716	2,406	2,391	2,391	2,391	2,391
Priority 5 - Housing Services	19,833	18,797	18,089	17,516	17,516	17,516
Priority X - Corporate Services	38,281	35,487	32,982	32,957	32,951	32,945
Council Wide	13,026	36,548	36,456	41,988	51,404	59,445
Gross Expenditure	250,110	277,845	267,976	272,213	281,592	289,457
Planned Contributions from Reserves	0	-10,487				
Further savings to be identified		-6,521	-18,443	-19,974	-24,003	-26,417
Total General Fund Budget	250,110	260,836	249,533	252,239	257,589	263,040
New Homes Bonus	2,736	2,400	2,200	2,200	2,200	2,200
Adult Social Care Grant	718	0	0	0	0	0
Revenue Support Grant	30,202	21,641	20,015	18,357	18,357	18,357
Council Tax	102,317	105,744	108,401	111,654	115,004	118,455
Retained Business Rates	20,729	24,229	24,229	24,841	25,341	25,841
Top up Business Rates	56,702	58,012	58,559	60,044	61,544	63,044
Total Main Funding	213,404	212,025	213,404	217,095	222,446	227,897
Public Health	20,209	19,677	19,677	19,677	19,677	19,677
Other core grants	16,497	29,134	16,452	15,466	15,466	15,466
Total Core Grants	36,706	48,811	36,129	35,143	35,143	35,143
TOTAL (External) Funding	250,110	260,836	249,533	252,239	257,589	263,040

11 Further budget reduction strategy

- 11.1 The council must continue to focus on delivering its key priorities in a whilst living within a significant reduced budget despite financial challenges. Based on latest MTFS projections, the council has a structural deficit problem of £18.4m in 2020/21 rising to £26.4m in 2023/24. This is reduced to the extent that further ongoing budget reductions are identified for 2019/20. Therefore, further cost reduction/resource prioritisation will need to be addressed by the Council as part of future refresh of the MTFS to close the current budget gap for 2019/20 and, vitally, the structural gap in future years. This will need to be

done in a way that gives due regard to the needs of residents and service users.

- 11.2 The MTFS at this stage sets out in detail how we will address a substantial part of our budget challenge, and explains in outline the work to be done over the next few months to close the remainder of the gap. It is recognised that significant effort will be required to move these outline proposals to the detail required in February.
- 11.3 The detailed options put forward at this stage do not represent the totality of the work we have been doing to address the underlying challenge. The schedule included below provides information on the additional options that are currently in development. These are areas where we have not yet been able to fully assess the scale, viability, deliverability and impacts of implementing the proposed change but where further work is underway to understand the potential for change.
- 11.4 Appendix 3 outlines a high level summary of available information at this stage to ensure that our residents, businesses, partners and the wider public are made aware of the ideas we are starting to develop for further budgeting options. Our intention is to provide a fuller update on this in February 2019. These options have not yet been subject to the same level of consideration as the fully detailed options. Their inclusion at this stage should not be taken as an indication that the Council will approve them to go forward as part of the budget at a later stage. It must also be understood that this is the start of the process and further initiatives will also be identified and considered in the course of the following year.
- 11.5 The options identified here are being developed following the same set of guiding principles that underpin the savings options already included in our draft budget strategy, and thus fall into one of the following categories:
 - Proposals that relate to an investment, expansion or renewed focus on early help, prevention or helping people to maintain their independence
 - Proposals that focus on increasing the Council's commerciality, through providing services to other organisations, charging for services that people are willing to pay for, sharing services with others to reduce costs, or getting the best possible deal for the money we spend with suppliers, including through joining with others
 - Simple service efficiencies which reduce costs by improving the way we work
 - Proposals to develop alternative delivery models which seek to meet need in different, less costly ways.
- 11.6 Many of the options in development represent an extension of proposals included in this MTFS or previous MTFS. In some cases it is not yet clear whether the level of possible savings might exceed, as opposed to merely help meet existing targets. In other cases, work is required to more clearly establish the case for change, including the scale of the financial benefit.
- 11.7 The process to refine the variables set out in this report will continue until the final budget report in February 2019.

12 Consultation and Scrutiny

- 12.1 The Council, as part of the process by which it sets its budget, seeks the views and opinions of residents and service user which is used to inform the final decision of the Council when setting the budget.
- 12.2 As such a formal consultation is being planned alongside this process the result of which is expected in January and will be shared with Cabinet and feedback provided to all relevant committees of the Council.
- 12.3 Statutory consultation with businesses will also take place in January and any feedback will be incorporated before final decisions are taken in February. Detailed consultation plan is attached at appendix 6.
- 12.4 Additionally, the Council's budget proposals will be subject to a rigorous scrutiny review process which will be undertaken by the Overview and Scrutiny Panels and Committee during December/January on a priority themed basis. The Overview and Scrutiny Committee will then meet in January 2019 to finalise its recommendations on the budget package to be reported to the Cabinet in February.
- 12.5 The government is effectively setting rent charges in 2018/19 by instructing local authorities to reduce rent on HRA owned properties by 1%. Therefore, there is no need to consult on rent charges this year.

13 Review of assumptions and risks 2019/20-2023/24

- 13.1 The Council's Section 151 Officer has a statutory responsibility to assess the robustness of the Council's budget and to ensure that the Council has sufficient contingency/reserves to provide against known risks in respect of both expenditure and income. This formal assessment will be made as part of the final report on the Council's budget in February 2019. Given the increased financial pressure that is falling upon this council's budget and the size of the gap both still enclosing the 2019/20 position and for 2020/21 onwards, this statutory role is acquiring more and more significance.
- 13.2 The main uncertainties and risks identified to date which may impact on the Council's budget over the period of the MTFS are:
 - Funding assumptions are subject to the local government settlement (6th Dec), and therefore there may be changes.
 - Move to Council Tax and Business Rates as the main funding drivers exposes the Council to risks such as collection rates, adverse changes in the size of the taxbase, appeals and negative cashflows.
 - The proposed continuation of the London business rates pool at reduced retained rate of 75% (18/19 100%)
 - The on-going uncertainty over Brexit and what impact this might have – particularly on staffing in critical social care & health services
 - The outcome of the Fair Funding Review, the consultation on the redesigning of the Business Rates Retention

- The implications arising from the 2019 Spending Review (SR19)
- The Council's Transformational Programmes do not deliver the required savings, do not deliver savings quickly enough, or are counteracted by demographic trends particularly in critical areas such as Children's and Adults Social Care and Temporary Accommodation.
- Increases in London Living Wage in future years.
- Any further deterioration in the forecast 2018/19 position.
- The impact of inflation pressures above current assumptions (e.g. energy costs which are currently estimated at well above the rate of inflation for 2019/20).
- Non delivery of 2019/20 budget reduction programme.
- Changes in Non Service Resources budgets over the next few months – for example the amounts provided for levies are currently based on estimates.
- General population increases that are expected over the next 5 years and any associated growth in demand - other than specifically allowed for – may lead to financial pressure.
- The need to balance revenue and capital priorities to ensure the most appropriate use of available resources and the risk that the required skilled workforce to deliver at pace is not available

13.3 Other risks which we are aware of that may impact on the Council's budgets:

- Continuing trend to on-line services negatively impacts on our business rates base
- Housing Benefit admin fee may end during the period of the MTFS.
- The impact of changes in legislation – for example the Homelessness Reduction Act and whether the funding provided to undertake the new responsibilities under the Act will be sufficient.
- Ability to work collaboratively with a number of partner organisations and for such collaborations to deliver much needed efficiency gains.
- Impact of NHS Sustainable Transformation Plans (STPs) may result in a transfer of costs.

14 Council's Capital Strategy and Capital Programme 2018/19-2022/23

Introduction

14.1 This capital strategy report is a new report for 2019/20 as required by CIPFA. It gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of public services along. It also provides an overview of how the associated risk is managed and

the implications for future financial sustainability. Where relevant links are provided to other more detailed documents.

Background

- 14.2 Capital expenditure in local government is defined in statute and accounting practices/codes and as such must operate within them. Within those rules capital budgets offer opportunities for Council's to really affect the lives of its residents and visitors. Capital programmes can shape the local environment (through the provision of new housing or traffic schemes); positively impact people's lives (through creating appropriate housing for adults with learning difficulties or investment in parks); transform the way in which the Council interacts with local residents (through the libraries investment programme or proposals for a new customer service centre); and deliver fit for purpose schools.
- 14.3 The key objectives of the Council's capital programme is to deliver the borough plan and to assist in meeting the financial challenges that it faces.

Capital Expenditure & Financing

- 14.4 Capital expenditure is where the Council spends money on assets, such as property or vehicles that will be used for more than one year. In local government, this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets.
- 14.5 For 2019/20, the Council is planning capital expenditure of £278.253m as summarised in the table below:

Table 12: Capital expenditure plans 2019/20-2023/24

	2019/20 Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000	2022/23 Budget £'000	2023/24 Budget £'000	Total £'000
General Fund	207,690	126,921	102,592	89,278	107,474	633,955
Council Housing (HRA)	70,563	108,495	172,290	161,152	282,198	794,698
Total - Capital Programme	278,253	235,416	274,882	250,430	389,672	1,428,653

- 14.6 The main General Fund schemes are the: ongoing work to the education estate; development of supported living accommodation to allow clients to live in appropriate homes; creation of a depot on the Marsh Lane site; continued investment in regeneration; funding for the community benefit society (CBS) to provide high quality temporary accommodation and the wholly owned company; and transformation projects to enable the Council to change the way it delivers services. There is a range of schemes within the capital programme that will only proceed if they produce a reduction in expenditure that includes reductions sufficient to cover the cost of financing the investment.
- 14.7 The Housing Revenue Account (HRA) is a ring-fenced account, which ensures that Council housing does not subsidise or is itself subsidised by other local

services. HRA capital expenditure is recorded separately. Detailed schemes are contained in appendix 4.

Table 13: Capital expenditure plans by priority

	2019/20	2020/21	2021/22	2022/23	2023/24	Total £'000
	Budget	Budget	Budget	Budget	Budget	
	£'000	£'000	£'000	£'000	£'000	
Priority 1 - Children Services	19,020	18,080	14,050	8,570	13,010	72,730
Priority 2 - Adults Services	5,720	11,820	12,120	6,870	2,870	39,400
Priority 3 - Environment & Neighbourhood Services	22,850	15,060	11,500	11,380	10,660	71,450
Priority 4 - Regeneration & Growth	118,110	66,480	52,140	51,870	70,990	359,590
Priority 5 - Housing (General Fund)	34,360	13,410	9,000	9,000	9,000	74,770
Priority 5 - Housing (Housing Revenue Account)	70,560	108,500	172,290	161,150	282,200	794,700
Priority X - Corporate Services	7,640	2,080	3,790	1,600	950	16,060
Total Priority - Capital Programme	278,260	235,430	274,890	250,440	389,680	1,428,700

Financing

- 14.8 All capital expenditure must be financed from either external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing, Private Finance Initiative). The planned financing of the capital programme is as follows:

Table 14: Financing the General Fund capital programme

	2019/20	2020/21	2021/22	2022/23	2023/24	Total £'000
	Budget	Budget	Budget	Budget	Budget	
	£'000	£'000	£'000	£'000	£'000	
External Sources (grants etc.)	74,330	27,480	28,700	24,670	45,290	200,470
Self-Financing Schemes	90,520	61,670	47,150	39,740	34,250	273,330
Own Resources (borrowing etc.)	42,840	37,770	26,740	24,870	27,930	160,150
Total	207,690	126,920	102,590	89,280	107,470	633,950

- 14.9 The self-financing schemes will only proceed if they produce a reduction in expenditure that includes reductions sufficient to cover the cost of financing the investment unless this is necessary to ensure that the investment makes a contribution to meeting the financial challenges that the Council faces.
- 14.10 Debt is only a temporary source of finance, since loans and leases need to be repaid. The Council is required to set aside from its revenue account an annual amount sufficient to repay borrowings, this is known as the minimum revenue provision (MRP). The MRP for the period is set out below:

Table 15: Estimated MRP

	2018/19 Forecast £'000	2019/20 Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000	2022/23 Budget £'000	2023/24 Budget £'000
Minimum Revenue Provision	2,777	4,890	7,379	9,744	13,912	17,727

- 14.11 The Council's cumulative outstanding amount of debt is measured by the capital financing requirement (CFR). This increases when new debt financed capital expenditure is incurred and reduces with MRP.

Table 16: Prudential Indicator: Estimates of Capital Financing Requirement

	2018/19 Forecast £'000	2019/20 Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000	2022/23 Budget £'000	2023/24 Budget £'000
Capital Financing Requirement	685,773	830,835	983,065	1,151,988	1,281,919	1,458,271

Asset Management

- 14.12 The Council is currently updating its asset management plan to reflect the new borough plan.

Asset Disposals

- 14.13 When a capital asset is no longer needed, it may be sold and the proceeds (known as capital receipts) can be spent on new assets or the repayment of debt. The Council is currently permitted, by legislation, to spend capital receipts on service transformation until 2021/22. This is known as the flexible use of capital receipts. Repayments of grants, loans and investments also generate capital receipts. It is anticipated that the capital receipts received in the MTFS period will be used to fund transformative activity.

Treasury Management

- 14.14 Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing. This is to avoid either excess credit balances or overdrafts at the bank. The Council is typically cash rich in the short-term as cash revenue income is received before it is spent but cash poor in the long-term as capital expenditure is incurred before it is financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce borrowing.

Borrowing Strategy

- 14.15 The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in the future. These objectives are often conflicting as the Council seeks to strike a balance

between cheap short-term loans and long-term fixed loans where the future cost is known but higher.

- 14.16 Projected levels of the Council's total outstanding debt (which comprises borrowing, PFI liabilities and leasing are shown below and compared to the capital financing requirement:

Table 17. Prudential Indicator: Gross Debt and the Capital Financing Requirement

	2018/19 Forecast £'000	2019/20 Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000	2022/23 Budget £'000	2023/24 Budget £'000
Debt (incl. PFI & leases)	402,457	481,907	623,511	771,664	936,994	1,063,332
Capital Financing Requirement	591,976	685,773	830,835	983,065	1,151,988	1,281,919

- 14.17 Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from above the Council expects to comply with this requirement.

Affordable Borrowing Limit

- 14.18 The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower operational boundary is also set as a warning level should debt approach the limit.

Table 18. Prudential Indicator: Authorise limit and operational boundary for external debt

	2018/19 Limit £'000	2019/20 Limit £'000	2020/21 Limit £'000	2021/22 Limit £'000	2022/23 Limit £'000	2023/24 Limit £'000
Authorised limit – borrowing	618,366	760,835	913,065	1,081,988	1,211,919	1,388,271
Authorised limit – PFI & leases	43,261	38,137	33,466	28,795	24,124	19,453
Authorised limit – total external debt	661,627	798,972	946,531	1,110,783	1,236,043	1,407,725
Operational boundary - borrowing	568,366	710,835	863,065	1,031,988	1,161,919	1,338,271
Operational boundary – PFI & leases	39,934	35,203	30,892	26,580	22,268	17,957
Operational boundary – total external debt	608,300	746,038	893,957	1,058,568	1,184,187	1,356,228

Governance

- 14.19 Decisions on treasury management investment and borrowing are made on a daily basis and are delegated to the Director of Finance. There is a further sub-delegation to members of the Director of Finance's staff to facilitate day-to-day operations. Whoever is making the decision(s) they will need to act in line with the treasury management strategy approved by full Council.

15 HRA Capital Programme

- 15.1 Under the Local Government and Housing Act 1989, the HRA is ring-fenced and cannot be subsidised by increases in council tax. Equally, any surplus in the HRA or balances held in reserves cannot be transferred to the General Fund. The HRA is the Council's record of the income and revenue expenditure relating to council housing and related services. Since April 2012, the HRA has been self-financing. Under self-financing agreement, Councils retain all the money they receive from rent and service charges;and use it to manage, maintain, acquire and develop new homes.

Housing Rents

- 15.2 The Council is required to comply with section 23 of the Welfare Reform and Work Act 2016 by reducing tenants' rents (excluding service charges) by 1% each year for four years starting from 1 April 2016 to 31st March 2020.
- 15.3 Therefore, the rent element for tenants living in general needs housing, sheltered/supported housing, affordable rent housing and council-owned housing used as temporary accommodation must reduce by 1% from 1 April 2019. Under the previous rent regime, these rents would have increased by 3.4% - Consumer Price Index (CPI) inflation at September 2018 of 2.4% plus 1%.
- 15.4 Shared ownership rents, however, will increase by 3.4% from 1 April 2019. The 2016 Act and Regulations gives full exception from the social rent reduction to shared ownership rents.

General needs and sheltered / supported housing

- 15.5 The average weekly rent reduces by £1.03 from £102.85 to £101.82. There is a range of rents across different sizes of properties. Table 1 sets out the provisional average weekly rents for 2019/20 and the proposed rent decrease by property size.

Table 19: Proposed rents for general needs and sheltered/supported housing

Number of Bedrooms	Number of Properties	Current average weekly rent 2018/19	Provisional average weekly rent 2019/20	Proposed average rent decrease	Percentage decrease
Bedsit	135	£83.45	£82.61	-£0.83	-1.0%
1	5,409	£88.37	£87.49	-£0.88	-1.0%
2	5,165	£103.00	£101.97	-£1.03	-1.0%
3	3,727	£117.94	£116.76	-£1.18	-1.0%
4	602	£134.28	£132.93	-£1.34	-1.0%
5	105	£157.08	£155.51	-£1.57	-1.0%
6	14	£163.23	£161.60	-£1.63	-1.0%
7	2	£154.45	£152.91	-£1.54	-1.0%
8	1	£174.85	£173.10	-£1.75	-1.0%
All dwellings	15,160	£102.85	£101.82	-£1.03	-1.0%

- 15.6 The government announced in October 2017 that annual increases in social housing rents will return to CPI plus 1% for the next five years after the statutory rent reduction ends in March 2020. This offer is a welcomed certainty for housing income growth in the short term.

Affordable Rent Housing

- 15.7 Phase 1 of the New Build Infill Programme has delivered eighteen new homes let at affordable rents.
- 15.8 From 1 April 2019, affordable rents must reduce by 1% from their current levels. The current average weekly affordable rent will reduce by £2.49 from £249.15 to £246.65 per week. There is a range of affordable rents across different sizes of properties. Table 2 sets out the provisional average weekly affordable rents for 2019/20 by property size.

Table 20 – Affordable Rent

Number of Bedrooms	Number of Properties	Current	Provisional	Proposed	Percentage
		average weekly rent 2018/19	average weekly rent 2019/20	average rent decrease	decrease
1	1	£207.32	£205.25	-£2.07	-1.0%
2	5	£230.44	£228.13	-£2.31	-1.0%
3	7	£231.13	£228.82	-£2.31	-1.0%
4	3	£289.93	£287.03	-£2.90	-1.0%
5	2	£318.70	£315.51	-£3.19	-1.0%
All dwellings	18	£1,277.52	£1,264.74	-£12.78	-5.0%

Temporary Accommodation in Council-owned Properties

15.9 From 1 April 2019, all council-owned properties used as temporary accommodation or social housing provided under licences will have their rents reduced by 1% from their current levels. These are mainly council-owned hostels used as temporary accommodation.

Licences and Non-Secure Tenancies

15.10 Rents for licences and non-secure tenancies are not affected by the government's social rent reduction policy, so the Council has flexibility to keep these rents at their current levels based either on the hostel rate or on Local Housing Allowance (LHA).

Tenants' Service Charges

15.11 In addition to rents, tenants pay charges for services they receive which are not covered by the rent. The Council's policy has been to set tenants' service charges at the start of each financial year to match budgeted expenditure.

15.12 Service charges must be set at a level that recovers the cost of the service, and no more than this. Charges are calculated by dividing the budgeted cost of providing the service to tenants by the number of tenants receiving the service. Therefore, a flat rate is charged to tenants receiving each service and the weekly amount is fixed. The amount tenants pay increases where the cost of providing the service is anticipated to increase. Equally, charges are reduced when the cost of providing the service reduces or where there has been an over-recovery in the previous year.

15.13 Tenants currently pay for the following services;

- Concierge
- Grounds maintenance
- Caretaking
- Street sweeping (Waste collection)
- Light and power (Communal lighting)
- Heating
- Integrated reception service (Digital TV)
- Estates road maintenance
- Door entry system maintenance
- Sheltered housing cleaning service
- Good neighbour cleaning service
- Converted properties cleaning
- Window cleaning service.
- TV aerial maintenance

15.14 The applicable charges for 2019/20 are still being calculated and will be included in the February 2019 report

- 15.15 Homes for Haringey (HfH) intend to provide a unified external sweeping and litter picking service to all supported housing schemes and hostels in the same way as for general needs blocks from 1 April 2019. Veolia Waste Management will provide the additional cost of the extended service to calculate the new flat rate charge tenants will pay. Street sweeping charge is eligible for housing benefit subject to individual tenant's eligibility for benefits.

Water rates

- 15.16 Tenants currently pay weekly water rates with their rent if the water supply to their home is unmetered. The amount for each property is set by Thames Water and varies based on the rateable value for the property.
- 15.17 Thames Water has given the Council notice of their plans to discontinue the current arrangement and bill tenants directly from 1 April 2019. Thames Water will communicate directly with each affected tenant before they send out the new water bills for 2019/20.
- 15.18 The financial implication of this was factored into the 2019/20 budget and the five year MTSF.

Rent consultation

- 15.19 The Council must give written notice to tenants at least four weeks before the new rents for 2019/20 start on 1 April 2019 (the first Monday in April).
- 15.20 Under the previous rent regime-, HfH consulted tenants on behalf of the Council from late December to mid-January. HfH sent letters to the various Residents Associations asking for their views on rent increase proposals. The consultation was also published on HfH website to invite comments from tenants.
- 15.21 Under the mandatory 1% rent reduction regime, no rent consultation has taken place and none is planned for 2019/20, as there are no alternative options for tenants to comment on.

HRA Expenditure

- 15.22 The Council's Arms Length Management Company (ALMO), Homes for Haringey (HfH) manages the dwellings stock and garages on behalf of the Council. The management fee the council pays for these services is budgeted at £42m for 2019/20. This includes £20m for repairs and about £2m for housing demand.
- 15.23 Other significant items of expenditure include the capital financing charge and depreciation. The capital financing charge is the interest on HRA loans and internal funding and is budgeted at a higher level than 2018/19 due to borrowing rates associated to increased level of capital works programme and New build programme.

Development of HRA Business Plan

- 15.24 The Council maintains a statutory Housing Revenue Account (HRA) in which it accounts for all its social housing activity (management and maintenance, health & safety works, rent collection, major repairs etc.). The government

recently announced the lifting of the restrictions that had been in place on the ability of HRA's to borrow money (known as the borrowing cap). This change has required a fundamental rethink of the financial framework within which the Council's HRA operates and an equally fundamental review of the HRA business plan within that framework.

- 15.25 A new HRA business plan is being developed initially with a 10 year focus, in order to determine how the council might best use the new HRA borrowing capability (still of course constrained by the prudential borrowing code) to both fulfil its responsibilities in respect of its existing stock and deliver the council's new housing provision objectives. This work is being undertaken in parallel with the reassessment of the role to be played by the wholly owned company (WOC), given the new HRA borrowing potential. The draft HRA capital programme provided here, therefore, is of a high level nature with further details to be provided in the February budget/MTFS report.

HRA 5 Years MTFS (2019/20-2023/24)

- 15.26 The Draft HRA budget for 2019/20 is a balanced budget maintaining a reasonable revenue contribution to capital. This report sets out the proposed HRA 5 years Budget/MTFS in appendix 5. The finalised HRA MTFS covering the period to 2023/24 will be presented to Cabinet in February 2019. It accommodates the scale of development presently assumed within the business planning underway in terms of its impact of the future years HRA revenue position.

HRA 5 Years Capital Programme (2019/20 – 2023/24)

- 15.27 As discussed above, this represents the capital implications of the emerging new business plan, focused on both the delivery of new homes and improvement of existing stock. The HRA MTFS is geared towards maximising the use of other available resources and use borrowing as last resort. The MTFS capital programme funding assumes a mix of capital receipts, grant funding, revenue contribution and prudential borrowing. The total capital investment in 2019/20 is £71m, fully funded from revenue contribution, grants, Major repairs reserve and borrowing.

Table 21: HRA 5 Year Capital Programme (2019/20 – 2023/24)

Capital Investment	2019-20 £'000	2020-21 £'000	2021-22 £'000	2022-23 £'000	2023-24 £'000	Total £'000
Existing Stock Investment (Haringey Standard)	52,293	56,532	57,663	58,816	59,992	285,296
New Homes Delivery Programme	14,190	50,820	113,401	101,023	220,801	500,235
Stock Acquisition Programme	4,080	1,143	1,226	1,313	1,405	9,167
Total Capital Investment	70,563	108,495	172,290	161,152	282,198	794,698

16 Dedicated Schools Budget (DSB)

- 16.1 The Dedicated Schools Budget is substantially funded from the ring-fenced Dedicated Schools Grant and two other funding streams (Pupil Premium and Post 16 Grant) which are, in effect, passported to schools. Spending must be consistent with the requirements of the prevailing Schools and Early Years

Funding Regulations and there are requirements about whether Schools Forum has a decision-making or a consultative role in determining budget levels for each year.

- 16.2 The financial position reported to Schools Forum in October 2018 set out the finance report. There are budget pressures in High Needs Block and this will reduce available DSG reserves and creates a deficit of £2.6m by the end of 2018-19 financial year.
- 16.3 Table below sets out Haringey's Dedicated Schools Grant allocations for 2017-18, the minimum rebased DSG baseline allocation for 2018-19 and Provisional National Funding Formula allocation for 2019-20

Table 22: Haringey's Dedicated Schools Grant Allocation Dedicated Schools Grant

Dedicated Schools Grant	2017-18 DSG allocations as at March 2018	2018-19 DSG allocations as at July 2018	2019-20 Provisional NFF
	£m	£m	£m
Schools Block	195.29	195.3	196.04
Central School Services Block	0	3.09	3.01
Early Years Block	18.67	20.29	20.29
High Needs Block	35.85	34.84	35.2
Total DSG	249.81	253.52	254.54

- 16.4 The 2017-18 Schools Block allocation was rebased into Schools Block and Central School Services Block in 2018-19 and 2019-20. The items that were previously top sliced as Centrally Retained elements in Schools Block and have been rebased into Central School Services Block in 2018-19 and 2019-20 under the National Funding Formula.
- 16.5 Overall, Haringey received a provisional increase of 0.4% 2018-19 to 2019-20 in its DSG allocation, which is equivalent to £1.02m. This is based on October 2017 census pupil numbers of 33,694.
- 16.6 The Schools Block received an uplift of 0.38%, which is equivalent to £0.74m.
- 16.7 The Central School Services Block has lost £0.1m from 2018-19 centrally retained elements that was rebased into 2019-20 which is the maximum possible loss capped at 2.5% from 2018-19.
- 16.8 The High Needs Block received an increase of 1% on its funding from 2018-19 to 2019-20 which equates to £0.36m.
- 16.9 The financial position for the Dedicated Schools Grant is dependent on the final school's finance settlement for 2019-20, which is due in December 2018.

DSG Reserves

- 16.10 As at Quarter 2, the DSG Reserves is expected to close with a deficit of £2.1m at the end of 2018-19. Overspend is mainly on High Needs Block is mainly due to £1.5m reduction in DSG funding and general increase in pupil numbers with special educational needs within the borough.

Table 23: Year end DSG reserves forecast

Blocks	Opening	Schools	Drawn	In year	Forecast
	DSG at forum agreed	down from	position at	Closing DSG	
	01/04/18 trf between reserves	blocks	Q2	Q2	
	£'000	£'000	£'000	£'000	£'000
Schools block	-1,267	400	488	-273	-652
Central block	0	0	0	-15	-15
Early years block	-1,653	1,100	0	6	-547
High needs block	1,500	-1,500	0	3,329	3,329
Total	-1,420	0	488	3,047	2,115

- 16.11 The final figures for Schools Block and news about the school's settlement more generally are expected in December 2018. High Needs Block funding may be known early in 2019 and the Early Years block funding in 2018/19 financial year is based partly on the January 2018 pupil census and partly on the January 2019 pupil census.
- 16.12 The Schools Forum will consider key issues at their December 2018 and January 2019 meetings.

17 Statutory Officers' comments

Director of Finance Comments

- 17.1 As the MTFS report is primarily financial in its nature, comments of the Chief Financial Officer are essentially contained throughout the report.
- 17.2 Ensuring the robustness of the Council's 2019/20 budget and its MTFS 2019/20 – 2023/24 is a key function for the Council's Section 151 Officer. This includes ensuring that the budget proposals are realistic and deliverable and that they will be achieved in a number of ways including consideration of the budget setting process itself, the quality and extent of both statutory and non-statutory consultation, the assessment and management of risks, feedback and challenge via scrutiny processes, and the coherence of the working papers supporting budget proposals.
- 17.3 The basis for the £26.4m underlying recurrent budget deficit is set out clearly in this report and flows largely from central government funding reductions, and from expenditure pressures due to local demographic and demand increases which have been set out in some detail above. Further pressure, over and above the assumptions made in February, has been created by the recognition that £9.9m of previously agreed savings will now no longer be

achieved. We have also refreshed all previous financial assumptions to ensure a sound base for the development of this MTFS.

- 17.4 As I have sought to make clear throughout this report, the council should be concerned at this stage that both the size of the gap still to be closed before the 2019/20 budget is balanced and the large structural funding gap for future years. Between now and February the 2019/20 budget gap must be resolved in order that the council can approve a balanced budget.

Assistant Director of Corporate Governance Comments

- 17.5 The revised Medium Term Financial Strategy (MTFS) is closely linked to the budget process and may be viewed as a related function. In addition, it is consistent with proper arrangements for the management of the Council's financial affairs and its obligation under section 151 of the Local Government Act 1972.
- 17.6 The Council is a best value authority and under section 3 of the Local Government Act 1999 has a duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The revision of MTFS which incorporates the initial proposals for savings and investment is one of the ways in which the Council can achieve best value.
- 17.7 There are statutory requirements as to the keeping of a Housing Revenue Account (HRA). Under section 76 of the Local Government and Housing Act 1989 the Council is under a duty to budget to prevent a debit balance on the HRA. In January and February in the preceding year, prior to the relevant financial year the Council must formulate proposals relating to income from rent and charges, expenditure and any other matters connected HRA properties. Within one month of formulating these proposals revising them, the council must prepare a statement setting out those proposals; the estimates made and the basis of which those proposals formulated or revised; and such other particulars as the Secretary of State may direct.
- 17.8 Under S24 of the Housing Act 1985 the Council has power to make such reasonable charges as it may determine for the tenancy or occupation of its council houses, and is required from time to time, to review rents and make such changes as circumstances may require. However, this discretion as to rents and charges made is subject to restrictions arising from the provisions of the Welfare Reform and Work Act 2016 which mandates that rents payable by tenants reduces by 1% per annum for 4 years commencing April 2016.
- 17.9 Changes to rent and other charges are not matters of housing management which the council is required to undertake statutory consultation with their tenants pursuant to Section 105 of the Housing Act 1985 and Sections 137 and 143A of the Housing Act 1996. The Council is required, to give tenants notification of variation of rent and other charges to tenants of at least four weeks, or one rental period of the tenancy, whichever is the longer variation.
- 17.10 When considering the MTFS, and any savings and investment proposals, the Council must have due regard to the public sector equality duty (PSED) contained within section 149 of the Equality Act 2010 which requires the Council to have due regard in its decision-making processes to the need to: eliminate discrimination, harassment, victimisation or other prohibited conduct, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who

don't. The protected characteristics include age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex and sexual orientation.

17.11 A proportionate equality analysis is required to inform the consideration of these proposals to meet the requirements of the public sector equality duty. The Council will need to finalise its equality analysis and set out how equality impacts are addressed in relation to savings proposals.

17.12 Before exercising its duty of Best Value local authorities need to consult with representatives of council tax payers, business rates payers, persons likely to use services and persons appearing to have an interest in any area within which the Council carries out functions. There is a duty to consult representatives of non-domestic ratepayers on the Council's expenditure plans.

17.13 Any consultation carried out under the Council's best value duty and public sector equality duty will need to comply with the following requirements:

- i. it should be at a time when proposals are still at a formative stage;
- ii. the Council must give sufficient reasons for any proposal to permit intelligent consideration and response;
- iii. adequate time must be given for consideration and response; and
- iv. the product of consultation must be conscientiously taken into account.

Equalities Comments

17.14 The draft Borough Plan sets out the Council's overarching commitment to tackling poverty and inequality and to working towards a fairer Borough.

17.15 The Council is also bound by the Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
- Advance equality of opportunity between people who share those protected characteristics and people who do not
- Foster good relations between people who share those characteristics and people who do not.

17.16 The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.

17.17 The Council has designed the proposals in this report with reference to the aims of the Borough Plan to reduce poverty and inequality. The Council is committed to protecting frontline services wherever we can and the budget

proposals have focused as far as possible on delivering efficiencies or increasing income, rather than reduction in services.

- 17.18 The decision proposed in this paper is to commence consultation with residents, businesses, partners, staff and other groups as necessary on the draft MTFS revenue proposals for 2019/20-2023/24.
- 17.19 During this consultation exercise, there will be specific focus on considering the implications of the proposals for groups with protected characteristics, including any potential cumulative impact of these decisions. Questions will include a focus on the impact of the budget on poverty and inequality.
- 17.20 The feedback from this consultation will inform the final package of savings proposals presented in February 2019 and feed into an overarching Equality Impact Assessment of the Budget and MTFS. Initial Equality Impact Assessments for relevant savings proposals will be published in February 2019, and will reflect feedback on potential equality impacts gathered during the consultation period.
- 17.21 As plans are developed further, each area will assess the equality impacts and potential mitigating actions in more detail. Final EQIAs will be published alongside decisions on specific proposals.

18 Use of Appendices

- Appendix 1 – Summary proposed revenue Medium Term Financial Plan 2019/20-2023/24
- Appendix 2 – Detailed summary of budget reduction proformas
- Appendix 3 – Additional (emerging) savings options
- Appendix 4 – General Fund Capital Programme 2019/20 – 2023/24
- Appendix 5 – 5 year HRA Budget Projections
- Appendix 6 – 2019/20 Budget Consultation Plan

19 Local Government (Access to Information) Act 1985

- 19.1 Detailed pro-formas for individual budget reduction proposals ordered by priority area are available online at the following location.
<http://www.minutes.haringey.gov.uk/documents/b23188/Budget%20Reduction%20Pro%20-%20forms%2011th-Dec-2018%2018.30%20Cabinet.pdf?T=9>

19.2 Period	1-6	budget	monitoring	reports	2018/19.
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HARINGEY GENERAL FUND BUDGET 2019/20 AND MEDIUM TERM FINANCIAL PLAN 2019/24

Appendix 1

	2018/19 Budget	Movement	2019/20 Projected	Movement	2020/21 Projected	Movement	2021/22 Projected	Movement	2022/23 Projected	Movement	2023/24 Projected
Services	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Priority 1	54,525	4,766	59,291	(401)	58,890	(90)	58,800	0	58,800	0	58,800
Priority 2	91,809	6,319	98,128	(4,584)	93,544	(6)	93,538	39	93,577	(100)	93,477
Priority 3	27,920	(731)	27,189	(1,565)	25,624	(600)	25,024	(70)	24,954	(70)	24,884
Priority 4	4,716	(2,310)	2,406	(15)	2,391	0	2,391	0	2,391	0	2,391
Priority 5	19,833	(1,036)	18,797	(708)	18,089	(573)	17,516	0	17,516	0	17,516
Priority X	38,281	(2,795)	35,487	(2,505)	32,982	(25)	32,957	(6)	32,951	(6)	32,945
Non Service Revenue	13,026	23,521	36,548	(92)	36,456	5,532	41,988	9,416	51,404	8,041	59,445
Further Savings to be identified	0	(6,521)	(6,521)	(11,921)	(18,443)	(1,532)	(19,974)	(4,029)	(24,003)	(2,414)	(26,417)
Contribution from Reserves and Balances		(10,487)	(10,487)	10,487	0	0	0	0	0	0	0
Total Budget Requirement	250,110	10,726	260,836	(11,304)	249,533	2,706	252,239	5,350	257,589	5,451	263,040
Funding											
New Homes Bonus	(2,736)	336	(2,400)	200	(2,200)	0	(2,200)	0	(2,200)	0	(2,200)
Adult Social Care Grant	(718)	718	0	0	0	0	0	0	0	0	0
Revenue Support Grant	(30,202)	8,561	(21,641)	1,626	(20,015)	1,658	(18,357)	0	(18,357)	0	(18,357)
Council Tax	(101,917)	(3,826)	(105,744)	(2,658)	(108,401)	(3,253)	(111,654)	(3,350)	(115,004)	(3,451)	(118,455)
Retained Business Rates by Pool	(20,729)	(3,500)	(24,229)	0	(24,229)	(612)	(24,841)	(500)	(25,341)	(500)	(25,841)
Top up Business Rates	(56,702)	(1,310)	(58,012)	(547)	(58,559)	(1,485)	(60,044)	(1,500)	(61,544)	(1,500)	(63,044)
Total Main Funding	(213,004)	979	(212,025)	(1,379)	(213,404)	(3,691)	(217,095)	(5,350)	(222,446)	(5,451)	(227,897)
Public Health	(20,209)	532	(19,677)	0	(19,677)	0	(19,677)	0	(19,677)	0	(19,677)
Other core grants	(16,897)	(12,237)	(29,134)	12,682	(16,452)	986	(15,466)	0	(15,466)	0	(15,466)
TOTAL FUNDING	(250,110)	(10,726)	(260,836)	11,304	(249,533)	(2,706)	(252,239)	(5,350)	(257,589)	(5,451)	(263,040)

Appendix 2 – Detailed Summary of Budget Reduction Proposals (2019/24)

Housing				All Years	2019/20	2020/21	2021/22	2022/23	2023/24
Ref	Title	Category	Description	Net Saving (All)	Net Savings	Net Savings	Net Savings	Net Savings	Net Savings
				£'000	£'000	£'000	£'000	£'000	£'000
HO1	Temporary accommodation reduction plan	Other	Reduce TA costs, as detailed in the TA Reduction Plan. Proposals include initiatives to prevent homelessness, improve economic position of those in TA, and help support those in TA to move on. Revenue costs covered by the Flexible Homelessness Support Grant. Plan also includes proposals to increase supply of low cost TA through new purchase, repair and management joint venture partnership, and capital investment in new Community Benefit Society. Please note that due to the additional costs incurred due to unforeseen works at BWF,	(2,201)	(920)	(708)	(573)	-	-
Housing Totals				(2,201)	(920)	(708)	(573)	-	-

Appendix 2 – Detailed Summary of Budget Reduction Proposals (2019/24)

People (Children)				All Years	2019/20	2020/21	2021/22	2022/23	2023/24
Ref	Title	Category	Description	Net Saving (All)	Net Savings	Net Savings	Net Savings	Net Savings	Net Savings
				£'000	£'000	£'000	£'000	£'000	£'000
PC1	Reduce the number of agency staff	Efficiency Saving	Reduce the the number of agency staff through delivering an effective recruitment and retention strategy.	(350)	(196)	(61)	-	-	-
PC2	Reduce operational costs	Efficiency Saving	Reduce operational costs through streamlining management and staffing and improving efficiency in	(922)	(347)	(250)	-	-	-
PC3	Reduce the costs of placements	Efficiency Saving	Reduce the costs of placements through an effective inhouse foster carer recruitment and retention strategy and through effective brokerage and negotiation of	(951)	(746)	(90)	(90)	-	-
PC4	Safeguarding and Social Care and Early intervention and preventing demand	Other	Prevent demand and costs through an effective prevention and intervention approach that means children and families are supported to avoid the care system and that where children are in care (particularly young adolescents) they are supported to return home safely wherever	(353)	(290)	-	-	-	-
PC5	Increase income generation	Income Generation	Increase income through delivering services to schools and work with partners to ensure fair contributions to services	(110)	(23)	-	-	-	-
People (Children)				(2,093)	(1,602)	(401)	(90)	-	-

Appendix 2 – Detailed Summary of Budget Reduction Proposals (2019/24)

People (Adults)				All Years	2019/20	2020/21	2021/22	2022/23	2023/24
Ref	Title	Category	Description	Net Saving (All)	Net Savings				
				£'000	£'000	£'000	£'000	£'000	£'000
PA1	Charging for Managed Accounts	Income Generation	Introduce an administration fee for setting up and maintenance of care packages for Appointeeships and Self Funders. the fee would be comparable to existing charges levied for Deputyship clients.	(120)	(120)	-	-	-	-
PA2	Fast tracking financial assessments	Efficiency Saving	Speed up the process of financial assessment so that charging starts as soon after the start of services as possible. The saving lies largely in reducing levels of debt and the costs of recovering overpayments rather than any additional costs to the user of this approach.	(140)	(140)	-	-	-	-
PA3	Capitalisation of CAS	Other	Capitalise the majority of the operating and equipment costs of the Community Alarms Service. Because installation of a CAS solution can be considered the provision or adaptation of fixed assets for the benefit of our residents, there is scope for capitalisation of associated spending within financial regulations	(177)	(177)	-	-	-	-
PA4	Housing Related support	Efficiency Saving	Fund housing advice and support currently provided from Adult Social Care budgets through the Flexible Homelessness Support Grant whilst we transform these services and create longer term, more sustainable funding routes over the next 3 years.	(600)	(600)	-	-	-	-

Appendix 2 – Detailed Summary of Budget Reduction Proposals (2019/24)

People (Adults) - continued				All Years	2019/20	2020/21	2021/22	2022/23	2023/24
Ref	Title	Category	Description	Net Saving (All)	Net Savings	Net Savings	Net Savings	Net Savings	Net Savings
				£'000	£'000	£'000	£'000	£'000	£'000
PA5	In-House Negotiator	Efficiency Saving	Expand in house Care Negotiator capacity to work with providers reducing the cost of care packages in relation to overcharging against service user needs.	(460)	(116)	(344)	-	-	-
PA6	Transfer of High Cost Day Opps	Efficiency Saving	Lease three ex-day centre premises to a local provider to support 15-20 service users at reduced cost, and closer to their existing support networks.	(540)	-	(525)	(15)	-	-
PA7	Public Health (Sexual Health)	Efficiency Saving	Realise savings based on efficiencies already achieved in the provision of open access sexual health services	(267)	(267)	-	-	-	-
PA8	Investment of drug and alcohol savings in preventative services for adults and families, targeting health	Efficiency Saving	Retendering of the three core substance misuse adult contracts has created savings, available from January 2019. Use these savings for investment in areas to improve health and wellbeing, with a split between cashable savings and investments in preventative services that	(600)	(400)	-	-	(100)	(100)
PA9	Further savings to be delivered by Adults	Efficiency Saving	Further action by service to reduce cost of adult social care over the next 5 years	(720)	(180)	(180)	(180)	(180)	-
People (Adults) Totals				(3,624)	(2,000)	(1,049)	(195)	(280)	(100)

Appendix 2 – Detailed Summary of Budget Reduction Proposals (2019/24)

Place				All Years	2019/20	2020/21	2021/22	2022/23	2023/24
Ref	Title	Category	Description	Net Saving (All)	Net Savings				
				£'000	£'000	£'000	£'000	£'000	£'000
PL1	Additional HMO Licensing Scheme for HMO	Income Generation	Extend the current Additional Licensing scheme for HMOs not governed by Mandatory Licensing and introduce a Selective Licensing scheme to 20% of its geographical area for all other private sector dwellings covered by the Housing Act 2004. All licensing schemes are intended to address the impact of poor quality housing, rogue	(400)	-	(400)	-	-	-
PL2	Review and Extension of CPZ coverage	Income Generation	The proposal is an accelerated programme this year to 'catch up', which will allow us to deliver to residents and Member expectations, make appropriate provision for running costs , dealing with current budget gaps , while generating a surplus to be treated as new savings.	(500)	(500)	-	-	-	-
PL3	Waste, CS & Enforcement: Efficiency Savings on Veolia	Efficiency Saving	Efficiency savings secured in recent contract negotiations with Veolia. Will be delivered with no impact on services or performance.	(100)	(100)	-	-	-	-
PL4	Increase in Moving Traffic Enforcement	Income Generation	The parking and traffic enforcement service enforces moving traffic contraventions at a number of locations. Moving traffic enforcement is undertaken by CCTV camera. Capital investment £40k - Infrastructure measures	(300)	(260)	(40)	-	-	-
PL5	Healthmatic Toilets	Efficiency Saving	Savings accruing from removal of two automated WCs (already agreed and achieved)	(30)	(30)	-	-	-	-
PL6	Extending parking enforcement	Income Generation	This is an invest to save bid. The parking on-street, off street and CCTV enforcement operations are run in-house. Additional staffing , including management is required. This will increase enforcement capacity , and associated income which will cover staffing costs and mitigate some of the current income deficit.	(350)	(350)	-	-	-	-

Appendix 2 – Detailed Summary of Budget Reduction Proposals (2019/24)

Place - continued				All Years	2019/20	2020/21	2021/22	2022/23	2023/24
Ref	Title	Category	Description	Net Saving (All)	Net Savings				
				£'000	£'000	£'000	£'000	£'000	£'000
PL7	Litter Enforcement	Income Generation	The proposal is to consider the option for an in-house service provision based on a pilot with an external contractor, Kingdom, from November 2016 to September 2017. An in-house litter enforcement provision would enable the Council to retain 100% of all Fixed Penalty Notice (FPN) income received.	(100)	-	(100)	-	-	-
PL8	Soft FM Efficiency	Efficiency Saving	Re-commissioning of soft FM services and services delivered through Amey contract (e.g. efficiencies in postage & franking, front of house, security).	(100)	(25)	(25)	(50)	-	-
PL9	Leisure centre concessions	Reduction / Change in service	Reduce the number of people eligible for concessionary rates at Fusion Leisure Centres.	(190)	-	-	(50)	(70)	(70)
PL10	London Construction Programme Revenue	Income Generation	Over-achieved income from subscriptions to the new Dynamic Purchasing System for the London Construction Company, managed by Haringey's Procurement service.	(200)	(200)	-	-	-	-
PL11	Flexible Police Resourcing	Other	The proposal is to not extend the current contract for Flexible Police Resourcing beyond March 2019. The funding for the team enables the tasking of police officers along with the wider partnership i.e. trading standards, CCTV, ASB enforcement to hotspots in the borough. The service also uses the team to deal with Travellers and to support	(200)	(200)	-	-	-	-
PL12	Waste Service Programme	Efficiency Saving	Review of all waste and street cleansing services to identify potential savings	(500)		(500)			
PL13	Parking Transformation Programme	Income Generation	Parking Transformation Programme to deliver significant improvements to this service over the coming three years. Includes a CPZ rollout programme taking the borough to 100% coverage, and extending parking permit charging models to tackle emissions from Diesel vehicles	(1,000)		(500)	(500)		
Place Totals				(3,970)	(1,665)	(1,565)	(600)	(70)	(70)

Appendix 2 – Detailed Summary of Budget Reduction Proposals (2019/24)

Economy				All Years	2019/20	2020/21	2021/22	2022/23	2023/24
Ref	Title	Category	Description	Net Saving (All)	Net Savings	Net Savings	Net Savings	Net Savings	Net Savings
				£'000	£'000	£'000	£'000	£'000	£'000
EC1	Carbon Management	Other	Saving £60k from the Carbon Management Service's base budget, replacing this with an income of the same amount from Planning Service. The Carbon Management Service will increase its support to the Planning Service through advice and technical specification on planning applications and issues related to carbon reduction, energy and sustainability.	(60)	(60)	-	-	-	-
EC2	Reduction in consultancy budget	Other	Saving £75k from central budget typically allocated to cover large contracts and project delivery requirements. As some Tottenham Regeneration activities shift from a focus on initial strategies and feasibility work to delivery stage, there is increasing scope to explore funding these types of contracts from other sources, including but not limited to capitalisation of costs, utilising both internal and external funding sources.	(75)	(75)	-	-	-	-
EC3	Deletion of senior post	Efficiency Saving	The Strategic Director of Regeneration, Planning & Development was re-designated as Director of Housing, Regeneration and Planning, and along with this, it was proposed to delete the Director of Regeneration post.	(225)	(225)	-	-	-	-
EC4	Tackling uncrystallised debt	Income Generation	This proposal comprises an opportunity to achieve new income potential by starting a process of tackling the uncrystallised debt in the commercial portfolio	(50)	(50)	-	-	-	-
EC5	Outdoor media advertising	Income Generation	Proposal to generate new income from outdoor media, utilising the council's landholdings by identifying sites suitable for outdoor installations. It is estimated that net income in 2019/20 would be at least £100k, and increasing significantly over future years.	(15)	-	(15)	-	-	-
EC6	Explore opportunities to capitalise development team costs	Other	Proposal to charge salaries of staff within housing development and enabling team to the Housing Revenue Account, as their work is now focused on bringing forward sites for direct housing development. Approximately 40% of salaries are currently funded by the HRA, and it's proposed to increase this to 100%.	(150)	(150)	-	-	-	-
Economy Totals				(575)	(560)	(15)	-	-	-

Appendix 2 – Detailed Summary of Budget Reduction Proposals (2019/24)

Your Council				All Years	2019/20	2020/21	2021/22	2022/23	2023/24
Ref	Title	Category	Description	Net Saving (All)	Net Savings	Net Savings	Net Savings	Net Savings	Net Savings
				£'000	£'000	£'000	£'000	£'000	£'000
YC1	Out of home advertising income generation	Income Generation	The proposal is to recommission the street furnishing advertising contract. Moving to digital display to ensure communication messages can be updated quickly, and to remove printing costs.	(151)	(129)	(5)	(5)	(6)	(6)
YC2	Remove ward budgets	Reduction / Change in service	Remove existing provision for Ward Budgets to fund community projects	(190)	(190)	-	-	-	-
Your Council Totals				(341)	(319)	(5)	(5)	(6)	(6)

Appendix 3: Additional Savings Proposals

Proposals that focus on increasing the Council's commerciality, through providing services to other organisations, charging for services that people are willing to pay for, sharing services with others to reduce costs, or getting the best possible deal for the money we spend with suppliers, including through joining with others	
Priority	Option in Development
Economy	Property Review: 1. Review & Rationalisation of Property Portfolio
Economy	Property Review: 2. Greater utilisation of fragments of land including exploring infrastructure on Council owned land
Economy	Property Review: 3. Identify best approach for income generation at "Meanwhile" Sites
Your Council	Review use of physical assets - Community Assets Strategy
All Priorities	Review contracts for further savings
Your Council	Voluntary contributions to a Council Tax charity
People	Share the core costs of the Local Safeguarding Children's Board with relevant partners
People	Identify additional services that could be provided to schools on a chargeable basis
People	Review workforce and training functions in Children's Services and identify efficiencies and opportunities to generate income
Place	Maximise street lighting efficiency
Place	Further review of charges from HMO Licensing
Place	Income maximisation from Trade Waste contract
Place	Enforcement/Regulatory Services - options for cross-boundary partnerships
Place	Parking - develop business case for in house vehicle pound and possible traded service
Place	Further develop / expand the London Construction Programme

Proposals that relate to an investment, expansion or renewed focus on early help, prevention or helping people to maintain their independence	
Priority	Option in Development
People	Review our approach to early help and prevention with partners to improve outcomes and identify efficiencies through further developing integrated and joint working
People	Invest in an expanded Reablement service
People	Review the commissioning of Health Visiting and School Nursing to maximise preventative impact for high cost services such as social care
People	Economic impact of domestic violence services

Proposals to develop alternative delivery models which seek to meet need in different, less costly ways.	
Priority	Option in Development
People	Review the balance between smaller homecare packages and direct payments and exploring community alternatives through a Local Area Coordinator
People	Review sufficiency of SEND placements and ensure there is local provision to meet children's needs
People	Progress options for use of Assistive Technology (Adult Social Care)
People	Increase Extra Care capacity, including through adapting existing sheltered housing stock

Service efficiencies which reduce costs by improving the way we work	
Priority	Option in Development
People	Review form of support from legal support into key teams (Children's Services)
Your Council	Model options for reducing accommodation cost
Your Council	Extend current FOBO (Front Office, Back Office) transformation programme into further areas of the council.

Appendix 4 – General Fund Capital Programme

Capital Programme (2019-24)		2019/20	2020/21	2021/22	2022/23	2023/24	Overall Total
SCHEME REF	SCHEME NAME	£,000	£,000	£,000	£,000	£,000	£,000
Priority 1 - Children's							
103	Primary Sch - new places	162	39	0	0	0	201
110	Devolved Sch Capital	531	531	531	531	531	2,655
114	Secondary Sch - mod & enhance (Inc SEN)	3,552	4,200	750	110	0	8,612
104	Early years	93	93	0	0	0	187
109	Youth Services	14	0	0	0	0	14
118	Education Estates	5,000	1,000	1,000	1,000	1,000	9,000
101	Primary Sch - repairs & maintenance	1,030	1,000	1,000	1,000	1,000	5,030
102	Primary Sch - mod & enhance (Inc SEN)	8,240	1,165	720	525	480	11,130
115	Fortismere Secondary School Development	400	10,050	10,050	5,400	10,000	35,900
Total - Priority 1		19,022	18,078	14,051	8,566	13,011	72,729
Priority 2 - Adults							
201	Aids, Adap's & Assistive Tech -Home Owners (DFG)	2,188	2,188	2,188	2,188	2,188	10,940
211	Community Alarm Service	177	177	177	177	177	885
216	Homelessness Hub	100					100
208	Supported Living Schemes	1,500	1,500	1,500	1,500	0	6,000
209	Assistive Technology	500	500	500	500	0	2,000
213	Canning Crescent Assisted Living	500	4,200	1,750	250		6,700
214	Osborne Grove Nursing Home	500	1,500	6,000	2,250	500	10,750
215	Hornsey Town Hall Supported Living	250	1,750				2,000
Total - Priority 2		5,715	11,815	12,115	6,865	2,865	39,375

Appendix 4 – General Fund Capital Programme

Priority 3 - Neighbourhoods		2019/20	2020/21	2021/22	2022/23	2023/24	Overall Total
		£,000	£,000	£,000	£,000	£,000	£,000
309	Local Implementation Plan(LIP)	2,500	2,500	2,500	2,500	2,500	12,500
310	Developer S106 / S278	750	750	750	750	750	3,750
317	Down Lane MUGA	0	0	0	0	0	0
321	MOPAC - Crime & Disorder Reduction	0	0	0	0	0	0
301	Street Lighting	1,300	1,300	1,300	1,300	1,300	6,500
302	Borough Roads	4,189	3,689	3,689	3,689	3,689	18,945
303	Structures (Highways)	394	0	0	0	0	394
304	Flood Water Management	590	620	650	680	710	3,250
305	Borough Parking Plan	322	0	0	0	0	322
311	Parks Asset Management:	300	300	300	300	300	1,500
313	Active Life in Parks:	230	230	230	230	230	1,150
314	Parkland Walk Bridges	1,000	1,000	0	0	0	2,000
316	Asset Management of Council Buildings	4,323	1,995	650	330	382	7,680
322	Finsbury Park	600	600	600	600	600	3,000
419	NPD Phase 2 LBH Match Funding	0	0	0	0	0	0
399	P3 Other	0	0	0	0	0	0
307	CCTV	2,109	0	830	1,000	200	4,139
319	Bull Lane MUGA	2,520	1,080	0	0	0	3,600
320	LCP - Dynamic Purchasing System	0	0	0	0	0	0
323	Parking Strategy	1,000	1,000				2,000
325	Parks Vehicles	720					720
Total - Priority 3		22,847	15,064	11,499	11,379	10,661	71,450

Appendix 4 – General Fund Capital Programme

Priority 4 - Growth		2019/20	2020/21	2021/22	2022/23	2023/24	Overall Total
		£,000	£,000	£,000	£,000	£,000	£,000
421	HRW business acquisition	54,580	15,521	15,670	12,770	32,830	131,371
427	White Hart Lane Public Realm (LIP)	500	0	0	0	0	500
430	Wards Corner CPO	5,000	0	0	0	0	5,000
481	Strategic Investment Pot	1,750	1,400	2,650	0	0	5,800
434	Wood Green Regeneration	100	0	0	0	0	100
435	Wood Green Station Road	120	0	0	0	0	120
438	Vacant possession Civic Centre	72	0	0	0	0	72
444	Marsh Lane	821	9,323	4,700	266	0	15,110
447	Alexandra Palace - Maintenance	470	470	470	470	470	2,350
464	Bruce Castle	1,000	500	4,000	6,000	8,500	20,000
472	JLAC Match Fund	500	500	0	0	0	1,000
475	Tottenham Green Public Realm Scheme Phase 2	0	156	0	0	0	156
477	Strategic Regeneration & Community Assets	3,000	3,000	0	0	0	6,000
474	Tottenham High Road Strategy	1,638	5,402	3,980	1,027	1,027	13,074
480	Wood Green Regen (2)	2,997	4,632	5,901	12,141	13,610	39,279
401	Tottenham Hale Green Space	4,990	5,946	900	2,680	600	15,116
402	Tottenham Hale Streets	9,017	7,683	5,097	1,363	450	23,609
429	Site Acq (Tott & Wood Green)	10,000	8,867	0	0	0	18,867
452	Low Carbon Zones	15	0	0	0	0	15
465	District Energy Network (DEN)	800	0	1,500	6,500	3,500	12,300
470	Wood Green HQ, Library & Customer Service Centre	950	2,400	6,000	8,400	10,000	27,750
482	Strategic Property	19,635	680	1,275	250		21,840
Priority 4 - Total		118,105	66,480	52,142	51,866	70,987	359,580

Appendix 4 – General Fund Capital Programme

Priority 5 - Housing		2019/20 £,000	2020/21 £,000	2021/22 £,000	2022/23 £,000	2023/24 £,000	Overall Total £,000
506	TA Property Acquisitions Scheme	3,000 650 25,000 5,000 712	0	0	0	0	3,000
509	CPO - Empty Homes		1,000	1,000	1,000	1,000	4,650
510	Temporary Accommodation Acquisition Programme		4,409	0	0	0	29,409
512	Wholly Owned Company		8,000	8,000	8,000	8,000	37,000
513	54 Muswell Hill Flats		0	0	0	0	712
Total - Priority 5		34,362	13,409	9,000	9,000	9,000	74,771
Priority X - Enabling							
604	Continuous Improvement	950	950	950	950	950	4,750
606	Hornsey Library Refurbishment	1,382	0	0	0	0	1,382
621	Libraries IT and Buildings upgrade	1,056	25	85	0	0	1,166
698	Responsiveness Fund	2,000	0	0	0	0	2,000
699	P6 - Approved Capital Programme Contingency	1,500	0	0	0	0	1,500
602	Corporate IT Board	0	0	0	0	0	0
603	ICT Shared Service - Set Up / Seed Money	0	0	0	0	0	0
605	Customer Services (Digital Transformation)	0	0	0	0	0	0
607	Financial Management System Replacement	0	350	2,000	650		3,000
622	FOBO Programme	500	500	500	0	0	1,500
639	Ways of Working	250	250	250	0	0	750
Total - Priority X		7,638	2,075	3,785	1,600	950	16,048
TOTAL - GENERAL FUND CAPITAL PROGRAMME		207,690	126,421	98,592	83,276	98,974	614,953

Appendix 5 – HRA 5 Year Budget Projection

	2019-20	2020-21	2021-22	2022-23	2023-24
	£'000	£'000	£'000	£'000	£'000
Income					
Dwellings Rent Income	(79,709)	(82,196)	(85,490)	(88,826)	(92,588)
Void Loss	557	574	597	621	651
Service Charge Income	(10,584)	(10,804)	(11,117)	(11,447)	(11,814)
Leaseholder Income	(8,359)	(8,675)	(8,999)	(9,333)	(9,677)
Other Income (Garages /Aerials/Interest)	(1,211)	(1,211)	(1,211)	(1,211)	(1,211)
Total Income	(99,306)	(102,312)	(106,220)	(110,196)	(114,639)
Expenditure					
Repairs	20,038	20,455	21,047	21,672	22,366
Housing Management	20,479	20,905	21,510	22,149	22,858
Housing Demand	1,879	1,879	1,879	1,879	1,879
Management Fee (HfH)*	42,397	43,239	44,436	45,699	47,103
Estates Costs (Managed)	6,677	6,811	6,947	7,086	7,228
Provision for Bad Debts (Tenants)	724	734	747	761	777
Provision for Bad Debts (Leaseholders)	22	23	23	24	25
Total Managed Expenditure	7,423	7,568	7,717	7,871	8,030
Other Costs (GF Services)	3,633	3,706	3,780	3,856	3,933
Other Costs (Property/Insurance)	1,983	2,023	2,063	2,104	2,146
Capital Financing Costs	10,863	12,662	16,018	18,227	22,831
Capital Financing Costs (Debt Repayment - RTB)	1,472	1,582	1,697	1,818	1,945
Contribution to Major Repairs (Depreciation)	15,550	15,550	15,550	15,550	15,550
Revenue Contributions to Capital	15,985	15,982	14,959	15,071	13,101
Total Expenditure	99,306	102,312	106,220	110,196	114,639
HRA (Surplus) / Deficit (incl Debt Repayment)	0	0	0	0	0

Consultation Plan on 2019/20 Budget and Medium Term Financial Strategy (MTFS) 2019/20-2023/24

1. Background

The plan for consultation on the 2019/20 draft Budget and Medium Term Financial Strategy (MTFS) for 2019/20-2023/24, builds on the consultation exercise we ran in December/January 2018, 'Our Budget'; the feedback we have from the Residents Survey carried out earlier this year (1900 responses); and a number of formal and informal engagement activities carried out with residents and partners as part of the development of the Borough Plan for 2019-23. These have all contributed to our understanding of the issues facing the borough over the next four years, and the Budget and MTFS are designed to align with, and support the delivery of, the Borough Plan.

2. Approach to consultation

The Council consults local people and businesses on its budget proposals every year before they are approved at full Council in February.

The consultation period will last for 5 weeks, starting on December 14th and finishing on January 18th.

A budget booklet will outline our current financial position, our long-term financial strategy, and budget proposals for 2019-20, linked to the Borough Plan priorities, and previous findings from engagement with residents.

During this consultation exercise, there will be specific focus on considering the implications of the proposals for groups with protected characteristics, including any potential cumulative impact of these decisions. Questions will include a focus on the impact of the budget on poverty and inequality.

Consultation Materials	<ul style="list-style-type: none">Budget booklet – print and online. Printed version will be available at local libraries and upon requestVideos for our website and for social media
Questionnaire	<ul style="list-style-type: none">Accompanying questionnaire – print and onlineQuestionnaire will seek general views on the budget proposals
Targeted engagement	<ul style="list-style-type: none">Linked to existing public events
Publicity and press	We will publicise the consultation and promote participation through: <ul style="list-style-type: none">Press releaseHaringey PeopleHaringey People Extra (4000 subscribers)Social media platforms – Twitter and Facebook

	<ul style="list-style-type: none"> • In Haringey (newsletter for internal staff; will be aimed at those staff who are residents) • Feature on homepage
Dedicated webpage	<ul style="list-style-type: none"> • Consultation booklet • Online questionnaire • Homepage feature on our external site • Section alerts across related webpages
Email consultation	<p>Consultation will be sent directly to key stakeholders:</p> <ul style="list-style-type: none"> • Resident groups • Traders / business alliances