



**Haringey** Council

<b>Report for:</b>	<b>Cabinet</b> 7 <sup>th</sup> February 2012	<b>Item</b> <b>number</b>	To be added by the Committee Section
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<b>Title:</b>	<b>Financial Planning 2012-13 to 2014-15</b>
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<b>Report authorised by :</b>	<i>J. Parker</i> <i>2/2/12</i> <b>Director of Corporate Resources</b>
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<b>Ward(s) affected:</b>  <b>All</b>	<b>Report for Key/Non Key Decision:</b>  <b>Key</b>
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**1. Purpose of the report**

1.1 To provide a Medium Term Financial Plan [MTFP] covering the next three years to March 2015, with a revised assessment of the General Fund, Dedicated Schools Grant [DSG], Housing Revenue Account [HRA] and the Capital Programme including:

- o The financial resources available to the Council
- o The cost of providing existing services
- o The overall level of savings that have been and still need to be identified to give a balanced, sustainable budget over the medium term planning period.

1.2 To consider the Cabinet's proposed budget package for 2012-13 and later years.

**2. Introduction by the Cabinet Member for Finance and Carbon Reduction – Councilor Joe Goldberg**

2.1 I am proud to present the Cabinet's proposals for the Budget 2012-13 and the Medium Term Plan 2012-15.

2.2 Central government cuts to our budget have made it impossible to maintain the same depth and breadth of services that we used to enjoy, with a programme of £84m worth of savings needing to be made over the three years. In this context it has been difficult to make the speed of progress against our One Borough agenda, not least because of other government initiatives and policies which in my view are hitting the poorest and most vulnerable in our society the hardest.

2.3 It is important to restate my belief that these cuts are too far and too fast, and I feel deeply the punishing effect this has had on both those who rely on our Council services, and on our local economy. Notwithstanding this, I believe that thanks to officers of the Council, and good union relations we are as the latest letter from the external auditors says, well placed in terms of "financial resilience" to renew our fervour to take Haringey forwards.

2.4 During the last eight weeks I have thoroughly enjoyed the conversation I have had with residents during our extensive budget consultations. Whether in Highgate or Tottenham, Muswell Hill or Wood Green, Hornsey or Northumberland Park, I have been heartened by the levels of support for our stated priorities and by the many people who were even willing to make a greater contribution in order to support such initiatives.



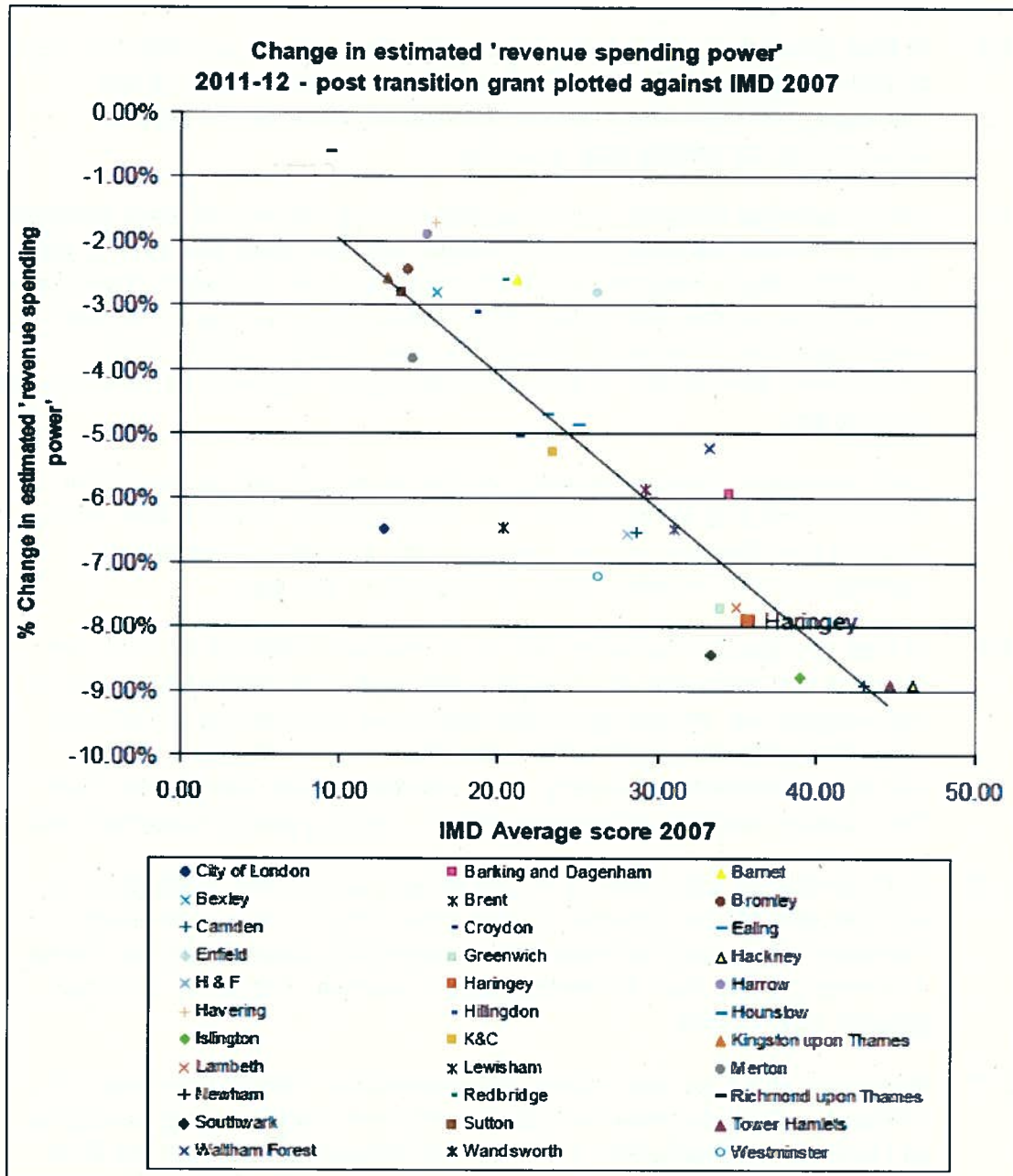
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- 2.5 However, these are extremely difficult times, and it is clear to me that the government's deficit reduction programme is failing. It is alarming to see the national economy returning to decline. We are, in my view, seeing the direct knock-on effects of this in every service, with an average of 55 new benefit claims a day being dealt with by our customer services centre.
- 2.6 In that context we have been looking to identify how we might be able to alleviate pressure on the pockets of all the households of our borough, and I am delighted we are able to propose a freeze on Council Tax for a third year in a row.
- 2.7. On an average Band D, we recognise a 2.5% rise would have equated to £29.61 over the year, or 57p a week, and we hope this saving will be a little help to residents. But of course this will be dwarfed by the 2.5% extra tax that every resident is being asked to pay on almost every item they purchase through the rise in VAT to 20%, or for commuters the 7% rise in fares that will leave residents £104 worse off on average.
- 2.8 I am absolutely passionate that residents should get the best from their Council and for the place they have chosen to make their home, to raise their families and to make a living and we do not take the contribution our citizens make for granted in any way.
- 2.9 In that context the last year has of course been difficult for both the Council and residents of Haringey. We have experienced the riots of last August; we are facing challenges to our local family of schools; changes to housing and welfare that in my view will return many vulnerable families to poverty; and unemployment rising faster than the London average with now over 1 in 3 young people unemployed.
- 2.10 That is why we will continue to press the case for fair funding for our schools and for our council. By the government's own calculations Haringey's proportional reduction in spending power has been some 13 times greater than Richmond upon Thames, and some 30 times greater than Dorset.
- 2.11 Recent analysis we have done now shows that despite dealing with similar levels of deprivation and poverty than neighbouring boroughs of Hackney and Islington, we receive significantly less support from central government. For example, on Formula Grant alone we receive £338 per head less than Hackney, equating to a £77m gap, while on our schools grant we receive £1505 less per pupil. I raise this because plans to reform the local government finance regime will use 2010 as a comparative benchmark, potentially leaving the borough with a high level of structural disadvantage.



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2.12 I set out the diagram below which I presented to the Cabinet and Council last year. This shows that the effect of government decisions was to re-distribute resources from Councils with high levels of deprivation to other areas. The deepest reductions were faced by the Boroughs with the highest levels of deprivation such as Haringey.

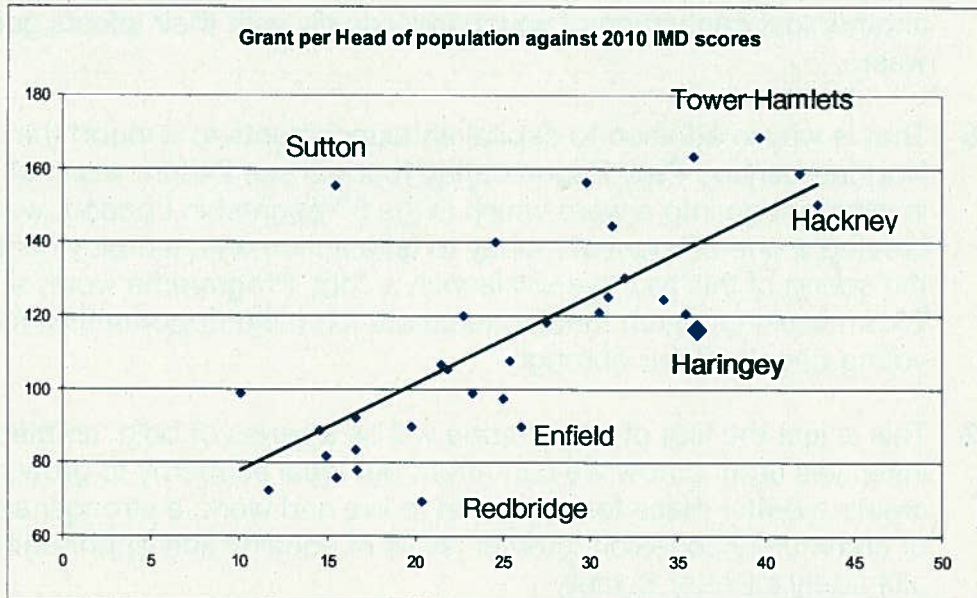






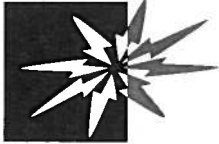
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- 2.13 This picture is more stark when levels of deprivation (as measured IMD Score) are compared with the amount of grant per head across all London authorities, (see graph below). The local authorities above the line receive more grant per head than average in London based on their deprivation score, while those below the line receive less grant per head.



- 2.14 I hope Councillors of all parties will recognise and accept the unfairness inherent in these figures, and in particular I commend the recent Joseph Rowntree Foundation report which “explores how budget cuts will affect the capacity of local government to meet the needs of more deprived households and communities.” There is real concern that more deprived groups will suffer the most. This report provides early, systematic evidence of the scale of the cuts and of how local councils are grappling with these issues. If you would like to read it further you can find a copy here:  
[www.jrf.org.uk/sites/files/jrf/communities-recession-services-full.pdf](http://www.jrf.org.uk/sites/files/jrf/communities-recession-services-full.pdf)

- 2.15 Notwithstanding our concerns, we believe it is imperative we assert the role of your locally, democratically elected government to pursue an agenda to raise the standard of living life for all our residents.
- 2.16 We believe that not only means tackling inequality head on, but taking the action we need to create greater shared prosperity for all. This is what we call our shared ambition for the Better Society, and what we mean when we talk about One Borough One Future.



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- 2.17 Overwhelmingly residents from across the borough, whether in area forums or at budget consultations have called for action on jobs. It is clear to me that with the scrapping of the EMA which benefited some 3,700 young people; the rise in tuition fees, which has seen a 9% decline in applications to university this year; and the scrapping of the Future Jobs Fund and replacing it with a privately-led Work Programme that just isn't working, we are in real danger of seeing another lost generation of young individuals, with their talents going to waste.
- 2.18 That is why in addition to capital announcements to support the Northumberland Park Regeneration that will see £400m worth of investment go into a ward which is the 5<sup>th</sup> poorest in London, we have created a one-off pool of money to take action on unemployment. In the spring of this year we will launch a Jobs Programme worth at least £3.5m seeking match funding to create jobs and opportunities for the young people of our borough.
- 2.19 This is just the first of what I hope will be a series of bold, ambitious initiatives around how we can return our local economy to growth, create a better place for all people to live and work, a stronger sense of community cohesion, greater levels of equality and opportunity and ultimately a Better Society



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### 3. Recommendations

- a) To propose to the Council that it approves the proposals for the Council's Revenue Budget 2012-13 and MTFP 2012-15 as set out in appendices 1 and 2;
- b) To propose to the Council that the General Fund budget requirement for 2012-13 of £278.4m, net of Dedicated Schools Grant, subject to the decisions of precepting and levying authorities, as set out in appendix 1;
- c) To note significant savings still have to be identified to deliver a balanced budget in 2013-14 and 2014-15;
- d) To approve the Cabinet's responses to the recommendations of the Overview and Scrutiny Committee on the chosen three themes of the draft revenue proposals agreed at the Cabinet's meeting on 4<sup>th</sup> October 2011 [paragraphs 7.6 to 7.8 and appendix 8];
- e) To note the summary of the consultation responses received to date on the draft revenue proposals agreed at the Cabinet's meeting on 4<sup>th</sup> October 2011 [paragraphs 7.1 to 7.5];
- f) To note the latest position on and to approve the funding allocations within the Children and Young People's Dedicated Schools Grant [DSG] budget set out in paragraph 12 and appendix 5;
- g) To propose to the Council that it approves the housing rent increases [average increase of £6.55p (7.5%)] set out in paragraph 4 of appendix 6;
- h) To propose to the Council that it approves the tenants' service charges set out in paragraph 5 of appendix 6;



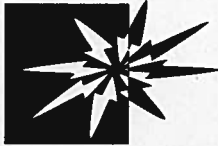
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- i) To propose to the Council that it approves the HRA Budget 2012-13 and MTFP 2012-15 as set out at paragraph 7, appendix 6;
- j) To propose to the Council that it approves the Council's Capital Programme for the period 2012-15, comprising spending and funding of £204.880m, as set out in paragraph 14 and appendix 7;
- k) To approve changes in Directorate cash limits as shown in appendices 1 and 2;
- l) To approve the additional investment proposals set out in paragraph 9 and summarised in Table 2 at paragraph 10;
- m) To approve the forecast level of un-earmarked General Fund Reserves at 31<sup>st</sup> March 2012 of £10.5m, and specific and other reserves totaling £50.4m at 31<sup>st</sup> March 2012 as set out in appendix 4a;
- n) To note this report will be considered by the Council on 28<sup>th</sup> February 2012 to inform the Council's final decisions on the Budget 2012-13 and Council Tax 2012-13.

#### **4. Other options considered**

- 4.1 In accordance with legislation and the Council's Constitution, this report proposes the Cabinet should consider draft proposals to deliver a balanced and sustainable MTFP 2012-15 including the Budget for 2012-13, and to make recommendations on these matters to the Council at its meeting on 28<sup>th</sup> February 2012. Accordingly no other options have been considered.





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## **5. Background**

- 5.1 The decisions the Cabinet takes at this meeting will inform the Council's consideration of the Budget 2012-13, MTFP 2012-15, including the Capital Programme, and the level of Council Tax for 2012-13.
- 5.2 The Cabinet has progressively developed its budget proposals over several months and has made a series of decisions at its meetings in July, October and December 2011.
- 5.3 It is essential the Council is provided with a comprehensive report setting out the totality of the Cabinet's proposals and recommendations on both revenue and capital spending and financing, the DSG and the HRA.
- 5.4 In order to ensure the Council is fully and properly advised, a report will also be considered by the Council on 28<sup>th</sup> February 2012. This Cabinet report therefore includes some material which has previously been reported to the Cabinet, amended and updated as appropriate to reflect a number of recent developments and the outcomes of work undertaken since December 2011.
- 5.5 In February 2011 the Council approved its Budget 2011-12 and MTFP 2011-14. The current year's budget was balanced through the approval of an unprecedented savings programme of some £41m. However, the overall MTFP at that stage showed planned spending exceeding our anticipated resources by £21m over the period 2012-14.
- 5.6 The Cabinet undertook an intensive exercise during 2011 designed to reduce planned spending and to review all key assumptions underpinning the forecasts of spending and resources.
- 5.7 At its meeting in December 2011 the Cabinet received a report and agreed a number of recommendations on the Council's Medium Term Plan 2012-15, including the Capital Programme and the Housing Revenue Account [HRA].



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- 5.8 Table 1, below shows the changes in the overall budget position from February 2011 through to the position agreed by the Cabinet at its meeting in December 2011.

<b>Table 1</b>		<b>2012-13</b>	<b>2013-14</b>	<b>TOTAL</b>
		<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>1</b>	<b>MTFP shortfall at February 2011</b>	<b>-6.8</b>	<b>-14.5</b>	<b>-21.3</b>
2	Re-programming of savings	-2.3	-1.3	-3.6
3	Revisions to assumptions	5.3	0.6	5.9
<b>4</b>	<b>MTFP shortfall at July 2011</b>	<b>-3.8</b>	<b>-15.2</b>	<b>-19.0</b>
5	Revisions to assumptions	-0.5	0.9	0.4
6	New savings proposals	5.4	6.7	12.1
<b>7</b>	<b>MTFP surplus (+) / shortfall (-) at October 2011</b>	<b>1.1</b>	<b>-7.6</b>	<b>-6.5</b>
8	Revisions to spending assumptions	-1.1	-0.1	-1.2
9	Revisions to financing assumptions	1.1	-	1.1
<b>10</b>	<b>MTFP surplus (+) / shortfall (-) at December 2011</b>	<b>1.1</b>	<b>-7.7</b>	<b>-6.6</b>

- 5.9 This report sets out the latest position on a number of the issues addressed by the Cabinet in December 2011, together with a number of other matters.



5.10 This report is set out in a similar format to the report considered by the Cabinet in December 2011, and proposes a budget package for the three year planning period to 2015, which is set out in the following 10 paragraphs:

- Strategic Approach (paragraph 6)
- Consultation and Scrutiny (paragraph 7)
- Financial Resources (paragraph 8)
- Revised Budget proposals (paragraph 9)
- Budget and MTFP Revenue proposals – summary (paragraph 10)
- Risks and Opportunities (paragraph 11)
- Dedicated Schools Grant [DSG] (paragraph 12)
- Housing Revenue Account (paragraph 13)
- Capital Programme (paragraph 14)
- Treasury Management Strategy (paragraph 15)

5.11 The detailed assumptions that support the Cabinet's proposals are set out below and in the appendices.

## **6 Strategic Approach**

6.1 The government has established a programme of public spending reductions, set out in its Spending Review of 2010 which includes average funding reductions of 29% for local authorities over the four years 2011-15. In addition the government has embarked on a range of far-reaching changes across the public sector, details of which have been reported to the Cabinet in successive reports since July 2010.

6.2 For Haringey, the financial consequence of the Spending Review was the need to identify reductions in planned spending of some £84m by 2014. Savings totaling over £62m by 2014 were identified and approved in February 2011, £41m of which was included in the Council's revenue budget for 2011-12.

6.3 To meet the unprecedented scale of this financial challenge, the Council developed a strategic approach, the key elements of which are a clear vision for the kind of borough the Council wants, derived from a review of outcomes and priorities, and how those would be delivered. 'Re-thinking Haringey' sets out the current challenges facing the Council and plans for transforming its approach to delivering services, and addresses the challenge of significant budget reductions whilst also seeking to ensure the Council's priorities are delivered and the aspirations and ambitions of residents are fulfilled as far as possible.



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- 6.4 The Cabinet's proposals are consistent with that overall strategic approach the Council agreed last year and which drove the proposals for the Budget 2011-12 and the MTFP 2011-14.
- 6.5 The Cabinet has previously agreed a number of proposals at its meetings in July, October and December 2011 which result in a potential budget surplus for 2012-13 of some £1m, a budget shortfall of £7.7m for 2013-14, resulting in an overall shortfall by 2014 of £6.6m as shown in Table 1, above.
- 6.6 The Cabinet noted at its latest meeting in December 2011 that the position for 2014-15 remains very uncertain. The best assessment at that time suggested a potential budget shortfall of £19m, but it was also noted this figure is subject to many uncertainties and could vary either way. There is no reason to change that view at this stage.
- 6.7 In his Autumn Statement in November 2011 the Chancellor announced further public spending reductions of 0.9% in real terms in both 2015-16 and 2016-17. Financial austerity will therefore prevail to at least 2017.

## **7 Consultation and Scrutiny**

### Consultation

- 7.1 The Council informed, consulted and engaged residents and businesses from November 2011 to January 2012.
- 7.2 The consultation was undertaken using both an online and paper questionnaire which included factual information about the Council's budget and its services. In addition 10 public meetings were held, led by Councilor Goldberg, Cabinet member for Resources and Carbon Reduction. A senior Finance Officer attended each meeting and presented key financial detail to inform discussion and to support Councilor Goldberg in answering questions. Staff from the Communications team also attended to take notes.
- 7.3 The questionnaire sought to establish respondents' degree of support for a potential increase of 2.5% in the Council Tax in 2012-13. Of the respondents to this question, 55% would not support an increase; whereas 34% would support such an increase. The remaining 11% of respondents neither support nor otherwise such a potential increase.





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- 7.4 The questionnaire also sought to establish the strength of support for the Council's 'five areas for action'. All five areas attracted support from at least 66% of respondents. Growing jobs by working with local businesses, improving outcomes for young people and cultivating a culture of excellence attracted over 80% support.
- 7.5 The detailed responses are being analysed and it is intended to produce a report to be made available on the Council's website in advance of the Council meeting on 28<sup>th</sup> February.

### Scrutiny

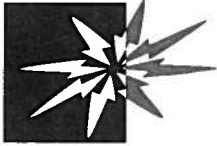
- 7.6 In accordance with the Protocol for Budget Scrutiny, responsibility for budget scrutiny was delegated to a Panel of five Members of the Overview and Scrutiny Committee, drawn from both parties and chaired by an Opposition Member.
- 7.7 The Panel chose three themes for Budget Scrutiny (CO2 reduction, Temporary Accommodation and Homelessness and Looked after Children & associated Legal costs).
- 7.8 The recommendations agreed by the Overview and Scrutiny Committee at its meeting on 12<sup>th</sup> December 2011, together with the responses of the Cabinet, are set out in appendix 8.

## **8 Financial Resources**

- 8.1 The Council pays for its spending from a number of sources. The government sets out details of its funding of councils in the Local Government Finance Settlement, showing Formula and Core grant allocations. These in turn are derived from the Spending Review and any relevant announcements in the Chancellor of the Exchequer's Autumn Statement.

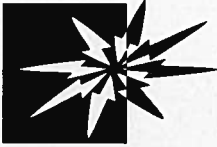
### The Autumn Statement

- 8.2 The Chancellor of the Exchequer made his annual Autumn Statement on 29<sup>th</sup> November 2011. Cabinet was advised of the key announcements affecting local government at its meeting in December 2011, including the further two years of public spending reductions to 2017, and the overall view that welfare spending and interest rates will rise, thus restricting further the scope for spending on other services.



### The Local Government Finance Settlement 2012-13

- 8.3 The government's shorter term plans for local authority funding were set out in the Local Government Provisional Finance Settlement 2012-13, announced on 8<sup>th</sup> December 2011, which determines how much grant the government will give to each local authority in England in 2012-13. Details of the provisional settlement, which was subject to a formal consultation period which ended on 16<sup>th</sup> January 2012, were reported to the Cabinet in December 2011.
- 8.4 In line with the Cabinet's strategy to take every opportunity to influence the government to maximise the financial resources available to the Borough, Haringey made representations on the provisional settlement, both through a written response and in a meeting with the Minister on 11<sup>th</sup> January 2012.
- 8.5 The key points put to the government included:
- The local government spending cuts are too deep and too fast;
  - Those cuts combined with flawed grant distribution arrangements are particularly harsh for councils such as Haringey;
  - Haringey's funding reductions are disproportionate compared to more prosperous areas and are not well aligned to Haringey's relative level of deprivation;
  - Haringey is facing major challenges related to the recent civil disturbances, safeguarding vulnerable children and addressing socio-economic issues characteristic of an inner – rather than an outer- London Borough.
- 8.6 The Council has requested the government responds to these concerns by:
- Providing revenue support to assist the Council to address the long term solution to the cause of the riots;
  - Addressing the funding gap with our neighbours – a starting point would be to ensure the Council's baseline funding for 2013-14 under the new Business Rates arrangements set out in the Localism Act recognise Haringey needs to be at inner London funding levels to enable it to tackle the causes of the riots and the deprivation in the borough.;
  - In the short term providing specific grant funding to address social inclusion, youth provision, community cohesion and business development support in the 'post-riots' context;
  - Expediting the settlement of the claim to DCLG for the direct costs of dealing with the civil disturbances;

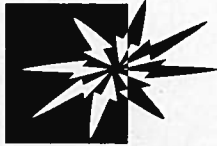


- Allowing any unspent DCLG funding for regeneration activities in Tottenham to be carried forward beyond January 2012;
- Considering additional capital funding for the physical regeneration of the areas affected by the civil disturbances to meet any shortfall in that provided by the GLA;
- Waiving the Troubled Families match-funding requirement;
- Determining urgently the future financing arrangements for local government, under the proposed localisation of Business Rates arrangements as proposed under the Localism Act, and by publishing funding allocations for authorities;
- Giving sufficient regard to the business rate relief granted as part of the regeneration response to the civil disturbances when determining Haringey's funding allocation under the new funding arrangements for local government proposed to be implemented from April 2013;
- Giving flexibility and freedom to identify additional resources to fund council tax support;
- Providing additional resources to the Council in respect of the deduction from the Formula Grant LACSEG;
- Confirming the continuation of Early Intervention Grant in 2013-14 and beyond;
- Giving consideration to an interim relief grant in respect of school funding.

8.7 The government published the Final Local Government Finance Settlement on 31<sup>st</sup> January 2012. The final Formula Grant figures for 2012-13 confirm those originally published on 8<sup>th</sup> December 2011. In line with the government's policy on multi-year settlements, the Formula Grant figures for 2012-13, as the second year of a multi-year settlement, have not changed as a consequence of Ministers having considered all representations received during consultation and having not found any exceptional circumstances to justify any changes.

8.8 Accordingly there are no changes to Haringey's Formula Grant figures for 2012-15 as reported to the Cabinet in December 2012. These figures are included in appendix 1.

8.9 From April 2013 the government intends to introduce new funding arrangements for local authorities, through the 'repatriation' or 'localisation' of Business Rates. As previously noted by Cabinet, these proposals represent a material financial risk to the Council. At this stage the implications cannot be accurately forecast. This adds more uncertainty into the Council's financial plans. The Council therefore needs to be additionally prudent and be aware it may need to make greater cuts to its spending.



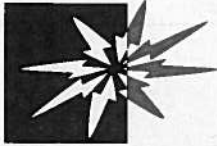
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- 8.10 In its formal response to the government's consultation on these proposals, the Council made these and other points and urged the government to publish detailed funding scenarios for each council as a matter of urgency. The government has not yet responded to this point.
- 8.11 The remaining sources of finance for the Council's revenue spending are:
- Council Tax
  - Reserves
  - Fees and Charges
- 8.12 These are considered in turn, below.

### **Council Tax**

- 8.13 The Council will consider the Cabinet's MTFP and Budget recommendations at its meeting on 28<sup>th</sup> February 2012, and informed by those recommendations will determine the level of Council Tax for the financial year 2012-13 at that meeting.
- 8.14 The Localism Act 2011 gives electors the right to veto excessive Council Tax rises from April 2012. Councils that set tax increases above a ceiling approved by Parliament each year would automatically trigger a referendum in their area. For 2012-13 the ceiling for authorities such as Haringey is an increase of 3.5%.
- 8.15 The government has confirmed councils that freeze or reduce tax in 2012-13 will receive additional **one-off** funding equivalent to the additional income that would result from an increase of 2.5% on their 2011-12 Council Tax level. This new one-off grant would be in addition to the similar grant funding provided in the Spending Review for the four years 2011-15, in respect of the freezing of Council Tax in 2011-12.
- 8.16 In considering the level of its Council Tax for 2012-13 the Council should have regard to:
- The level of non-Council Tax funding resources that will be available in each of the next three years;
  - The on-going demand for services;
  - The views of residents, trade unions, businesses and other interested parties;
  - The level of efficiency savings and service reductions that can realistically be delivered;
  - The likely restrictions on any proposed Council Tax increases





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and the level of grant being offered to Councils who freeze their Council Tax increase in 2012-13;

- o The general economic climate and the additional financial burden any increase would have on Council Taxpayers.

- 8.17 The MTFP 2012-15 cash limits presented in this report at appendices 1 and 2 assume, for financial planning purposes only, no increase in Haringey's Council Tax in 2012-13, and the consequential receipt of additional Council Tax Freeze Grant of £2.5m for 2012-13 only.
- 8.18 The projected income from Council Tax in 2012-13 is £103m based on 86,979 Band D equivalent properties (an increase of 412 over the taxbase for 2011-12) and a collection rate of 96% (2011-12 96%).
- 8.19 This increase in the taxbase results in additional £487k Council Tax income compared to the previous assumption.

### **Reserves**

- 8.20 The level of general reserves is shown in appendix 4a.
- 8.21 Given the scale of the spending reductions the Council has to deliver over the period 2012-15 (and beyond) and the risks set out below it is proposed these reserves should not be used to pay for on-going spending and wherever possible, earmarked reserves should be maintained at their current levels.
- 8.22 The Council holds a number of reserves which are detailed in appendix 4a and can be categorised as follows:
1. Un-earmarked (general) Reserves. These are held to cover the net impact of risks, opportunities and unforeseen emergencies;
  2. Earmarked (specific) Reserves. These are held to cover specific known or predicted financial liabilities;
  3. Other Reserves. These relate to ring-fenced accounts which cannot be used for General Fund purposes e.g. the Housing Revenue Account and schools).
- 8.23 In addition the Council's contingency budget of £2m is continued in 2012-13.
- 8.24 Appendix 4a also shows the projected movement on the reserves for both the current year 2011-12 and 2012-13.



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- 8.25 It is imperative the un-earmarked general reserves are adequate to meet the net financial impact of the risks and opportunities detailed in paragraph 11, below. These have been assessed as £10.2m, as set out in appendix 4b.

### **Redundancies**

- 8.26 In February 2011, the Council was facing estimated redundancy costs of £25m. As previously reported, the Council has applied for, and been granted, approval to capitalise some of these costs thus precluding the need to draw down that element from reserves (but spreading the costs over a number of years).
- 8.27 Approval to capitalise costs of £5m over two years has been granted and a revised forecast of our costs has now been made. The latest estimate, therefore, of funds to be drawn from reserves for the on-going redundancy programme is now reduced to circa £20m and this is reflected in the reserves forecast attached to this report as appendix 4a. Redundancy costs may increase further as future savings proposals are delivered over the MTFP period and beyond.

### **Fees and Charges**

- 8.28 A separate report will be considered by the Cabinet at this meeting setting out recommendations for changes in fees and charges across all service areas for 2012-13. The additional income anticipated as a result of the revised levels of fees and charges is £279k for the General Fund and £37k for the Dedicated Schools Budget (DSB). Directorates' cash limits will be adjusted accordingly.



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## 9 Revised Budget proposals

- 9.1 A number of changes were reported to the Cabinet in December 2011. Further proposed changes are set out below, comprising both changes in previously approved proposals and new proposals.

### Grant related proposals

- 9.2 As noted by the Cabinet in December 2011, the Council has received more Core Grant funding for 2012-13 than anticipated in the previously approved MTFP 2011-14.

The following proposals to use this funding are now recommended:

- **Early Intervention Grant** – the additional sum of £456k to be provisionally allocated to the Children and Young People's Services directorate. Confirmation of this allocation to be dependent on a case being made for its use including consideration of the merits of a one-off allocation to support the strategic improvement plan and early interventions and / or supporting statutory childcare places. The latter activity is likely to need an amount of preparation which will need to be borne in mind when allocating the resource;
- **Learning Disability** – the additional sum of £90k to be allocated to the Adult and Housing Services directorate for costs arising from the transfer of responsibilities to the Council from Health including Learning Disabilities and Health Watch;
- **Free Travel** – the additional sum of £24k to be allocated to Concessionary Fares;
- **Housing Growth** - the additional sum of £51k to be provisionally allocated to the Adult and Housing Services directorate. Confirmation of this allocation to be dependent on a case to be made for its use by Housing;
- **Flood Grant** - the additional sum of £207k to be provisionally allocated to the Place and Sustainability directorate. Confirmation of this allocation to be dependent on a case to be made for its use.

The use of other grant sums is unchanged as previously allocated by the Cabinet. A number of further changes are set out below.



**Haringey** Council

### Other proposals

#### One Borough One Future Fund

- 9.3 It is proposed to create a 'One Borough One Future Fund' through a one off contribution of £1.2m. The Fund will support projects which enable innovation and change, stimulate new ideas and ways of working and help the Council to focus on delivering its priorities.

#### Worklessness

- 9.4 It is proposed to make a one-off contribution of £2m to support worklessness in the Borough funded from the Council Tax Freeze Grant that will become available should the Council resolve not to increase Council Tax in 2012-13. Detailed proposals will be presented to a future meeting of the Cabinet.

#### Bad debt provision

- 9.5 It is proposed to make a one-off contribution to the Council's Bad Debt Provision of £0.5m given the on-going challenging economic climate.

#### Olympics

- 9.6 £200k additional one-off funding is to be provided for projects related to the Olympics in 2012. These relate to anticipated essential activities as a result of increased pressure on the Single Frontline, Parks and Emergency Planning services.

#### Parks

- 9.7 It is proposed to invest the sum of £0.2m in 2012-13 on a one-off basis in the Parks budget. The sum is planned to be used to improve the infrastructure of Haringey parks and would include expenditure on new benches, fences and litter bins etc.

#### Tottenham Regeneration Team

- 9.8 Funding of £700k (ongoing) is proposed from 2012-13 to support the Council's work on re-generation in Tottenham, in conjunction with additional capital resources, explained at paragraph 14.5.





**Haringey** Council

## Budget pressures / savings

### Adult Social Care and Housing directorate

- 9.9 As noted in December 2011 there are a number of potential budget risks in 2012-13 relating to Care Purchasing and Continuing Health Care Transfers from Health. The scale and likelihood of these risks are such that it is expected any resultant costs can be managed within the directorate's cash limit in 2012-13 at this stage.

### Children and Young People directorate

- 9.10 Cabinet is aware of the pressures in the current year related to Looked after Children and the work that is in progress to develop strategies to reduce the consequential financial pressures from 2012-13.
- 9.11 Any reduction in the capacity of Residential Homes will require alternative external provision to be secured for the children who would otherwise have been placed in the internal residential homes. Potential net revenue annual savings of £259k from 2013-14 may be achieved. If agreed this sum could be made available to the CYPS directorate subject to an appropriate case being made for the use of the resources.

### Place and Sustainability directorate

- 9.12 There are a number of financial risks relating to income and leisure which are expected at this stage to be manageable in 2012-13.
- 9.13 It is likely that the Household Waste Recycling Centre sites will transfer to North London Waste Authority during 2012-13 subject to member agreement. At this point the Council will make a saving of approximately £400,000 in the Veolia contract, as Veolia will no longer be required to manage these sites. The cost of NLWA running the sites is already allowed for in the draft NLWA levy position. Therefore if the sites do not transfer the Council can expect a reduction in the levy payable of an equivalent amount.



**Haringey** Council

### Alexandra Park and Palace Charitable Trust

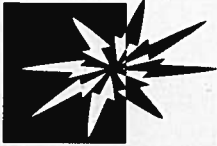
- 9.14 The Council currently subsidises the Alexandra Park and Palace Charitable Trust by £2.1m (2011-12 budget). As part of the Council's overall budget strategy the Council asked the trust to find savings within their budgets of £500k in order to reduce their reliance on the Council. The Trust have identified savings/ additional income of £500k for 2012-13 which will result in the net subsidy reducing to £1.6m for 2012-13 for the core activity of the Trust. The current budget plan is based on the £500k of savings being applied to the regeneration and development programme at the Palace (see item in capital programme, in appendix 7).

### Other service issues

- 9.15 As noted in the report to Cabinet in December 2011 there may be financial implications arising from recent or imminent legislative changes.
- 9.16 As in 2011-12, it is proposed to create a financial provision to mitigate the risk of slippage in the achievement of approved savings. A sum of £800k for 2012-13 is proposed. This is a reduction from that of £1.8m provided in 2011-12.

### Tottenham Riots – Council funding position

- 9.17 The Council has, so far, made two grant claims to the government, the results of which are awaited.
- 9.18 The Department for Communities and Local Government [DCLG] have indicated there may be a third opportunity to claim for costs not otherwise met by existing processes but no further details have been announced at this time. This could potentially allow the Council to claim for the costs not met under the Recovery Scheme as set out above plus wider regeneration and business support that was either not eligible under previous claims or relates to ongoing work after the date of the original claims.



**Haringey** Council

## **Local Government Finance Bill**

- 9.19 The government introduced the Local Government Finance Bill on 19<sup>th</sup> December 2011. The Bill includes proposed measures addressing the Local Government Resource Review [localisation of Business Rates], Tax Incremental Financing Schemes [TIFs], technical changes to Council Tax and the localisation of Council Tax Benefit, as summarised in paragraph 9.21, below.
- 9.20 The full implications of these potential changes are not yet fully clear, but it is likely there will be material impacts on the Council's financial position during the current MTFP period to 2015, relating to the localisation of Business Rates (see paragraph 8.9, above) and the localisation of Council Tax Benefit.
- 9.21 As previously reported to Cabinet, a key proposal in the government's plans for changes to the welfare system is the abolition of the current Council Tax Benefit [CTB] scheme, to be replaced by a new scheme whereby each local authority would receive un-ring fenced special grant based on 2012-13 expenditure and a reduction of 10% in funding for those residents who are currently entitled to benefit.
- 9.22 The government is committed to protecting some groups, in particular low income pensioners. Based on Haringey's current CTB caseloads a 10% reduction in funding equates to some £4m pressure on the revenue budget. The current MTFP includes a sum of £4m from 2013-14 as a contingent sum in respect of that pressure. This will need to be reviewed as further details of how the new scheme will operate are issued by the government.



**Haringey** Council

## 10 Budget and MTFP Revenue proposals – summary

10.1 The latest financial position for the **two years 2012-14** is summarised in Table 2 below, and in more detail in appendices 1 and 2.

<b>Table 2</b>	<b>2012-13</b>	<b>2013-14</b>	<b>TOTAL</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>MTFP surplus (+) / shortfall (-)</b>			
<b>Cabinet December 2011</b>	<b>1.10</b>	<b>-7.70</b>	<b>-6.60</b>
<b>Spending proposals</b>			
PARA			
9.2 Additional core grant allocations	-0.80	-	
9.4 Worklessness	-2.00	2.00	
9.6 Olympics	-0.20	0.20	
9.7 Parks	-0.20	0.20	
9.11 Children's Services	-0.20	-0.10	
9.8 Tottenham regeneration team	-0.70	-	
9.16 Savings risk provision	-0.80	0.80	
9.5 Increase in Bad Debt provision	-0.50	0.50	
9.3 One Borough One Future Fund	-1.20	1.20	
<b>Total Spending proposals</b>	<b>-6.60</b>	<b>4.80</b>	<b>-1.80</b>
<b>Financing proposals</b>			
8.17 2012-13 Council Tax Freeze Grant	2.50	-2.50	
8.28 Fees and charges	0.30	-	
9.13 NLWA	0.40	-	
8.19 Increase in Council taxbase	0.50	-	
9.2 Additional core grant	0.80	-	
9.16 Transfer from/to reserves	0.80	-0.80	
9.11 Residential Homes [Children & Families]	0.20	0.10	
<b>Total Financing proposals</b>	<b>5.50</b>	<b>-3.20</b>	<b>2.30</b>
<b>MTFP surplus (+) / shortfall (-)</b>	<b>0.00</b>	<b>-6.10</b>	<b>-6.10</b>





**Haringey** Council

## 2014-15

- 10.2 As reported to the Cabinet in December 2011, the overall financial position for 2014-15 is very uncertain and the current projections will be subject to further review over the coming months. As noted elsewhere in this report, the Council is making strenuous efforts to influence the government to recognise the inequitable impacts on the council's finances of current funding regimes and to make changes to deliver increased funding in the future.
- 10.3 Government funding is one example of material changes that could affect the Council's finances in 2014-15, set out below:
- Changes in core and specific grants
  - NHS funding
  - Use of 2011 Census data
  - The outcomes of the Local Government Resource Review, affecting Formula Grant and aspects of the government's welfare reforms
  - New Homes Bonus and other funding incentives provided by the government
  - Inflation and interest rate changes
- 10.4 There is no reason at this stage to change the assessment set out in paragraph 6.6, above, which is a potential budget shortfall of £19m in 2014-15, subject to many uncertainties which mean this figure could vary either way.

## **11 Risks and Opportunities**

- 11.1 When setting the draft MTFP, Directors have provided their best estimates of service costs and income based on the information currently available. However there will always be factors outside of the Council's direct control that will vary the key planning assumptions that underpin these estimates.
- 11.2 There are a number of significant risks that could affect either the level of service demand (and therefore delivery costs), or its funding. In addition there are general economic factors, such as the level of inflation and interest rates that can impact on the net cost of services.
- 11.3 Similarly there are opportunities either to reduce costs or increase income which have not, as yet, been factored into the planning assumptions. The main risks and opportunities are summarised below.



**Haringey** Council

### Risks

- Reduction in service standards / performance
- Funding uncertainty – including localisation of Business Rates and Council Tax Benefit from April 2013
- Increased service demand
- Impact of Housing Benefit and other welfare changes
- Delay or non-delivery of savings proposals
- Inflation
- Shortfall in revenue due to the economic climate
- Further reductions in joint NHS funding
- Increase in bad debts.
- Academies

### Opportunities

- New freedoms and flexibilities
- New income streams

## **12 Dedicated Schools Grant [DSG]**

- 12.1 At its last meeting the Cabinet endorsed a number of recommendations made by the School Forum following their consideration of the DSG strategy for 2012-13. Appendix 5 sets out the text considered by the Cabinet in December 2011, together with a table setting out the key figures reflecting the latest position. The school funding arrangements for 2012-13 have now been confirmed in an announcement by the Minister on 13<sup>th</sup> December 2011. The main points arising from the announcement are set out below.
- 12.2 The pupil numbers which will inform the Council's DSG allocation are taken from the January 2012 Annual School Census which schools were due to complete on 19<sup>th</sup> January. The Guaranteed Unit of Funding has been confirmed at the same level as for 2011-12 and as such no change is proposed at this time to the estimated DSG set out in December (£208.5m)
- 12.3 At that time the Cabinet was also advised that, based on the Spending Review totals, the resources distributed through the Pupil Premium was expected to double, suggesting a revised allocation of £10.1m for the Council. In addition the outcome of a consultation concerning the future treatment of the Pupil Premium, including possible changes to the methodology used in its distribution, was awaited. The government has now announced the outcome from that consultation



which can be summarised as:

- An increase in the level of the Pupil Premium for 2012-13 from £488 to £600 per eligible pupil;
  - An extension of the methodology to include all those pupils who have ever been eligible for Free School Meals (FSM) over the previous 6 years.
- 12.4 The financial effect of the (relatively small) increase in the level of the Pupil Premium, together with the methodology change, is difficult to exemplify. Despite the base Pupil Premium rate not doubling which was the basis for the estimated £10.1m, it is expected the broadening of the criteria to include pupils who have been entitled to FSM at any time during the last six years, will significantly compensate for this. However, the Cabinet should note that, as all of this resource must be passed to schools there is no effect arising from this on the Council's General Fund finances and schools will be notified of their budget allocations once they have been received from the DfE.
- 12.5 The government has also published the responses received in respect of their consultation proposals for changes to the School Funding system from 2013-14; it is now their intention to develop further proposals in the light of the responses.
- 12.6 The Cabinet was advised in December 2011 that a small number of formula changes were felt necessary for 2012-13. A consultation document has since been sent to all schools and other relevant groups.
- 12.7 In December 2011 the Cabinet was also advised of a number of budget pressures which the Schools Forum agreed should be met from the available headroom. Since then further work has been undertaken to quantify three areas where pressures are apparent in the centrally retained element of the DSG:
- Additional SEN costs;
  - Costs of the Local Authority Central Service Equivalent Grant (LACSEG) deduction;
  - Educational component of LAC residential placements.
- 12.8 At the meeting of the Schools Forum held on 26<sup>th</sup> January 2012 further detail was provided in respect of the additional SEN costs and the educational component of LAC residential placements. That report identified that, following further work to quantify the amounts required, sums of £0.45m (SEN) and £1.0m (LAC) were recommended for approval by the Forum. Both of these proposals were supported by the Forum and the relevant recommendations extracted from the draft



**Haringey** Council

minutes of that meeting are set out below:

***“RESOLVED:***

That the increase in funding of £0.45m for the Inclusive Learning Campus and Heartlands be agreed and recommended to the Local Authority.

That the proposal for the Looked After Children Placement Budget of £1m be agreed and recommended to the Local Authority.”

- 12.9 It is assumed that these additional costs can be accommodated within the overall centrally retained resources of the DSG, including the relevant share of any increase in DSG attributable to increased pupil numbers which will not be known until after the January Census data has been finalised.

Academies

- 12.10 In December the Cabinet was advised that the outcome from the most recent consultation on changes to the methodology for removing resources from both DSG and the Council’s Formula Grant was awaited. The government made an announcement on 13<sup>th</sup> December 2011 which included a short further consultation based on what the Minister was ‘minded to do’ in respect of the LACSEG deduction.
- 12.11 The Council has formally responded to that consultation arguing for further changes to be made. However, an underlying principle in this consultation is the amounts top-sliced from local authorities’ Formula Grant budgets in 2011-12 and 2012-13 will not be increased (and may in certain cases be mitigated through an additional specific grant). The Council’s overall Formula Grant position will not therefore worsen (and may marginally improve) because of this aspect in 2012-13.





**Haringey** Council

- 13.1 New arrangements for the management of the Council's Housing functions start on 1<sup>st</sup> April 2012.
- 13.2 In December 2011 the Cabinet received a comprehensive report on these changes and made a number of important consequential decisions in respect of rent increases, service charges, the separating of outstanding debt between the General Fund and the HRA, and the overall financial planning assumptions for the HRA, on the basis of which draft proposals for the overall HRA Revenue Budget 2012-13, Capital Programme 2012-15 and MTFP 2012-15 were agreed.
- 13.3 The decisions on changes in rents and service charges were provisional subject to consultation with tenants. That consultation has now been completed and the Cabinet is now recommended to propose to the Council it approves those changes at its meeting on 28<sup>th</sup> February 2012.
- 13.4 A number of other revisions in the detail of the HRA spending and funding are also necessary. Accordingly, and to ensure the Council is fully apprised of the range of changes in the HRA when it considers its Budget and MTFP decisions on 28<sup>th</sup> February, a revised comprehensive report incorporating all these changes is set out at appendix 6.

#### **14 Capital Programme**

- 14.1 At its meeting on 20<sup>th</sup> December 2011 the Cabinet received details of and agreed draft proposals for the Capital Programme 2012-15 to be recommended to the Council.
- 14.2 Since then a number of changes in both spending and financing have been identified and are included in the updated proposals set out in appendix 7.
- 14.3 The Cabinet is recommended to approve these proposals for consideration by the Council at its meeting on 28<sup>th</sup> February 2012.
- 14.4 As there are risks in the timing of the realisation of capital receipts and the Capital Programme is heavily dependent on those, it is proposed to undertake additional temporary borrowing in lieu of the capital receipts being realised. The costs of this will be funded through the capital financing budget.

#### North Tottenham investment package



**Haringey** Council

- 14.5 As noted at paragraph 9.8, above, additional revenue investment of £700k for re-generation initiatives is proposed. The draft Capital Programme proposes approval in principle to a further allocation of £5m to make a total of £9m investment (including £4m capital programme investment already provisionally agreed by Cabinet on 20<sup>th</sup> December 2011 but subject to Council agreement) in North Tottenham (linking with the Mayoral investment of £18m) to support:
- a contribution to heritage building improvements in the vicinity of the NDP Scheme (£3m);
  - a contribution to public and community event space to be provided as part of the NDP Scheme (£5m);
  - environmental improvements on Worcester Avenue (£0.5m);
- and
- the formulation of a phased North Tottenham regeneration master plan with a primary focus on the area west of High Road centred on White Hart Lane (£0.5m).

## **15 Treasury Management Strategy**

- 15.1 The Treasury Management Strategy for 2012-13 will be brought to the meeting of the Council in February 2012. It will set out the proposed strategy for the Council's borrowing, investment of cash balances and the associated monitoring arrangements.

## **16 Legal**

- 16.1 The Budget and Policy Framework procedure rules and Overview and Scrutiny Procedure rules are contained in the Council's Constitution and set out both the statutory requirements on Local Authorities in relation to budgets and this Council's approach to setting budgets.
- 16.2 The Overview and Scrutiny Committee undertake scrutiny of the Council's budget through a Budget Scrutiny Panel. The procedure by which this Panel should operate is detailed in the Protocol covering the Overview and Scrutiny Committee and operated by means of the Panel selecting three themes by which budget scrutiny was undertaken. It is for the Cabinet to approve the proposals and then submit to Full Council and the Council sets the budget.

## **17 Equalities**



**Haringey** Council

- 17.1 The Council must pay due regard to its public sector equality duties with regard to race, gender and disability and should also take into account the provisions of its equality scheme with regard to age, religion or belief and sexual orientation.
- 17.2 Prior to making any final decisions on any proposals that may be brought forward in the medium term financial planning process the Council will assess the impacts of those by conducting Equality Impact Assessments [EqIAs], starting with an initial screening which considers whether there is a need for a full assessment.
- 17.3 A key element of the Council's EqIA process is consultation and engagement with the public, service users, community groups, the voluntary sector and our partners. All final decisions on proposals that require an impact assessment must take into account the outcomes and recommendations of the EqIA.

## **18 Consultation**

- 18.1 Public engagement and consultation remains a key central government policy driver and is also a legislative requirement for a wide range of functions. Proportionate public engagement and consultation activity on the Council's medium term financial planning and budget setting processes is being undertaken as set out in paragraphs 7.1 to 7.5.

## **19 Appendices**



**Haringey** Council

1. Summary of the proposed MTFP to March 2015.
2. Business Unit Cash Limits to March 2015.
3. Changes and Variations.
4. Reserves:
  - 4a: Reserves and their Adequacy;
  - 4b: Risk Evaluation.
5. Dedicated Schools Grant.
6. Housing Revenue Account [HRA] 2012-15.
7. Capital Programme [including HRA] 2012-15.
8. The recommendations of the Overview and Scrutiny Committee and the Cabinet's responses.

## **20 Local Access to Information Act**

### **20.1 The following reports are relevant:**

- Financial Planning 2012-13 to 2014-15 (Cabinet 20<sup>th</sup> December 2011).



MEDIUM TERM FINANCIAL PLAN TO MARCH 2015

Appendix 1

	2011-12				2012-13				2013-14				2014-15			
	Base Budget £'000	Pre-Agreed Growth £'000	New Growth £'000	Pre-Agreed Savings £'000	New Savings £'000	Revised Base Budget £'000	Pre-Agreed Growth £'000	New Growth £'000	Pre-Agreed Savings £'000	New Savings £'000	Revised Base Budget £'000	Pre-Agreed Growth £'000	New Growth £'000	Pre-Agreed Savings £'000	New Savings £'000	Revised Base Budget £'000
<b>Funding Requirement - General Fund</b>																
<b>Service Areas (excluding Corporate Recharges and Capital Financing Costs)</b>																
Adults and Housing	90,143	2,790	0	(3,594)	(3,043)	88,296	2,485	0	0	(1,590)	87,191	0	0	0	0	87,191
Place and Sustainability	43,546	(60)	1,900	(2,308)	(1,289)	41,789	1,900	0	0	(1,494)	42,185	0	750	0	(800)	42,145
Public Health	848	0	0	0	0	848	0	0	0	0	848	0	0	0	0	848
Children and Young People's Services	66,058	(1,983)	0	(2,470)	(942)	60,863	(741)	0	0	(1,042)	58,880	0	0	0	(810)	58,070
<b>Sub-Total</b>	<b>200,594</b>	<b>747</b>	<b>1,900</b>	<b>(8,372)</b>	<b>(5,274)</b>	<b>189,585</b>	<b>3,644</b>	<b>0</b>	<b>0</b>	<b>(4,126)</b>	<b>189,113</b>	<b>0</b>	<b>750</b>	<b>0</b>	<b>(1,610)</b>	<b>189,253</b>
<b>Corporate Services</b>																
Corporate Resources	29,937	0	0	87	(409)	29,615	4,000	0	0	(1,685)	31,930	0	0	0	(390)	31,540
Chief Executive	11,578	0	0	(527)	(1,065)	9,986	0	0	0	(900)	9,086	0	0	0	(50)	9,036
Non-Service Revenue	42,654	(114)	6,619	(5,016)	(106)	44,037	2,794	0	(3,883)	(3,787)	39,161	0	4,700	0	0	43,861
Inflation	1,406	6,337	(3,973)	0	0	3,770	5,500	0	0	0	9,270	0	8,000	0	0	17,270
Government Grant etc to be allocated	0	0	1,023	0	0	1,023	0	64	0	0	1,087	0	0	0	0	1,087
Tf to reserves - One Borough One Future	0	0	1,200	0	0	1,200	0	0	0	(1,200)	0	0	0	0	0	0
Tf from Reserves - Risk provision	0	0	(800)	0	0	(800)	0	800	0	0	0	0	0	0	0	0
Budget Shortfall	0	0	0	0	0	0	0	0	0	(6,051)	(6,051)	0	0	0	0	(6,051)
Potential Budget Shortfall	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(19,273)	(19,273)
<b>Sub-Total</b>	<b>85,575</b>	<b>6,223</b>	<b>4,069</b>	<b>(5,456)</b>	<b>(1,580)</b>	<b>86,831</b>	<b>12,294</b>	<b>864</b>	<b>(3,883)</b>	<b>(13,623)</b>	<b>84,483</b>	<b>0</b>	<b>12,700</b>	<b>0</b>	<b>(19,713)</b>	<b>77,470</b>
<b>Total Funding Requirement</b>	<b>286,169</b>	<b>6,970</b>	<b>5,969</b>	<b>(13,828)</b>	<b>(6,854)</b>	<b>279,426</b>	<b>15,938</b>	<b>864</b>	<b>(3,883)</b>	<b>(17,749)</b>	<b>273,596</b>	<b>0</b>	<b>13,450</b>	<b>0</b>	<b>(21,323)</b>	<b>266,723</b>
<b>Funding Sources</b>																
Core Grants (excl DSG)	29,248	0	0	2,600	685	32,533	0	0	0	(3,930)	28,603	0	0	0	0	28,603
New Homes Bonus	1,200	0	0	0	485	1,685	0	0	0	0	1,685	0	0	0	0	1,685
Formula Grants	153,221	0	0	(12,000)	0	141,221	0	0	(3,500)	0	137,721	0	0	(10,573)	0	127,148
Council Tax	102,500	0	0	487	0	103,987	0	0	2,600	0	106,587	0	0	2,700	0	108,287
<b>Total Available Funding</b>	<b>286,169</b>	<b>0</b>	<b>0</b>	<b>(8,913)</b>	<b>1,170</b>	<b>279,426</b>	<b>0</b>	<b>0</b>	<b>(900)</b>	<b>(3,930)</b>	<b>279,596</b>	<b>0</b>	<b>0</b>	<b>(7,873)</b>	<b>0</b>	<b>266,723</b>

## Appendix 2

## Business unit cash limits

2012-13

	Cash limit £'000
Central Directorate Budget (Adults & Housing)	965
Adults and Community Services	68,666
Community Housing Services	16,665
<b>Adults and Housing</b>	<b>86,296</b>
Central Directorate Budget (Place & Sustainability)	397
Front Line Services	27,904
Planning, Regen and Economy	2,718
Property	5,860
Leisure Services	1,791
Culture, Libraries & Learning	3,460
BSF Revenue / Direct Services / Prop & Contracts	(342)
<b>Place &amp; Sustainability</b>	<b>41,789</b>
Public Health	848
<b>Public Health</b>	<b>848</b>
Central Directorate Budget (Corporate Resources)	202
Revenues, Benefits & Customer Services	7,275
Corporate Finance	5,188
Corporate Procurement	1,640
Legal services	2,296
Information Technology	13,015
<b>Corporate Resources</b>	<b>29,615</b>
Prevention and Early Intervention	11,173
Children & Families	49,024
Business Support and Development	1,133
Central Directorate Budget (CYPS)	(667)
<b>Children &amp; Young People's Services</b>	<b>60,663</b>
Central Directorate Budget (Chief Executive)	2,277
Electoral Service	310
Human Resources	1,331
Organisational Development & Committee	862
Local Democracy	934
Policy, Intelligence & Partnerships	2,878
Communications	1,395
<b>Chief Executive</b>	<b>9,986</b>
Non Service Revenue	44,037
Inflation	3,770
Gov't Grant etc to be allocated	1,023
Transfers to/(from) Reserves	400
Savings to be Identified	0
<b>Non Service Revenue</b>	<b>49,230</b>
<b>Total Funding Requirement</b>	<b>278,426</b>

## Changes and Variations

Item	Potential / Known Budget Pressure	2012-13 over 2011-12 £'000	2013-14 over 2012-13 £'000	2014-15 over 2013-14 £'000
1	Inflation	3,770	5,500	8,000
2	NLWA - levy etc	2,100	1,400	250
3	Increase in cost of concessionary fares	1,300	500	500
4	Council Tax Benefit - subsidy 10% reduction	0	4,000	0
5	Risks to future government funding etc	2,500	2,600	2,700
6	Debt Financing Costs (net)	(3,063)	319	0
7	Service Growth (pre-agreed)	836	1,744	0
8	Potential future service pressures	0	0	2,000
	<b>Changes and Variations Total</b>	<b>7,443</b>	<b>16,063</b>	<b>13,450</b>



## RESERVES AND THEIR ADEQUACY

### 1. General Fund General Reserve

The judgement on the adequacy of the general fund general reserve needs to reflect the risk management and financial control processes that are in place, and the residual risk of emergencies or unexpected events. For this purpose identification of the key risks is done in three ways:

- identification of risks during the financial planning and budget setting process as set out in the main report;
- risk assessment of the agreed investment and savings proposals in the agreed budget package, and;
- key risks identified, monitored and managed through the Council's risk management strategy and framework.

The calculation of the potential financial impact of these assessed risks has been done and in the light of this, it is regarded that £10.5m is an appropriate target level for the general fund general reserve over the three-year financial planning period. The risks set out in Appendix 4b assess a potential financial impact at £10.2m; the Director of Corporate Resources therefore regards the £10.5m figure as a prudent level to set aside.

The £10.5m target for general balances represents 4% of the Council's net budget requirement for 2012-13.

### 2. Services Reserve

It is Council policy that service under and over spends are retained by the relevant service subject to approval by the Cabinet in the year end financial outturn report. This reserve earmarks those funds to be carried forward to the following financial year.

### 3. Insurance Reserve

The insurance reserve is kept under review by the Head of Audit and Risk Management with the assistance of the Council's insurance adviser. A key variable is the split between this reserve and the level of insurance provision held elsewhere in the balance sheet. The last actuarial review concluded that this reserve was at an appropriate level. The Director of Corporate Resources is satisfied that the reserve constitutes adequate protection in respect of the self-insured risk. This self-insurance reserve is in addition to the separately procured insurance with a consortium of other London boroughs.

### 4. PFI Reserve

The PFI reserve reflects the new arrangements following the suspension of services within the PFI contract. The opening figure reflects the remaining element after taking into account the pre-payment previously included elsewhere in the balance sheet. The reserve will be used to manage the lifecycle fund requirements for



schools in the suspended services period during the Building Schools for the Future investment programme.

## **5. Infrastructure Reserve**

The infrastructure reserve is a key financing resource for the programmes of renewal of assets for IT and property. This assists in spreading the costs of core replacement of assets as well as managing asset improvement programmes. It is current policy that revenue and capital underspends in these services are transferred to this reserve for future use.

The infrastructure reserve will remain in place to spread the cost of future infrastructure renewal programmes.

## **6. Transition Reserve**

The Transition Reserve is specifically earmarked for the costs associated with the Council's restructuring and savings programme.

This Reserve is to fund the associated transition costs of redundancies, decommissioning, and investment necessary to deliver longer term efficiencies and change. Given the scale of the transition programme within the period of the medium term financial plan there is still an estimated cost of some £14m relating to the redundancies as a result of the savings proposals still to be implemented. The Council is continuing to seek government approval to capitalise this cost and to date has received confirmation for £5.0m. The Director of Corporate Resources considers that all of this reserve should be earmarked for redundancy costs.

## **7. Financing Reserve**

The financing reserve is a key tool for managing the impact of financial plans from one year to another. This reserve requires balances to be at different levels year to year depending on the demand as identified through previous and current budget plans. The overall balance on the financing reserve at 31<sup>st</sup> March 2012 is estimated to be £8.0m.

## **8. Debt Repayment / Capital Reserve**

This reserve has previously been used to set aside money that the Council has for repaying outstanding debt in the future and / or for the purposes of setting aside money earmarked for future capital investment. It had been considered to be used to fund the impairment from the non-recovery of deposits in Icelandic banks, however, central government have allowed this to be capitalised over twenty years so this amount remains uncommitted. It has also been available to support the capital programme. However, given the scale of the redundancy costs the Council is to incur, this reserve will now be utilised and applied to these costs.

## **9. HRA reserve**

The judgement on the adequacy of the HRA general reserve needs to reflect the risk management and financial control processes that are in place, and the residual risk of emergencies or unexpected events. This risk evaluation also needs to take into account the change in the financing of the HRA from 1<sup>st</sup> April 2012 and the account moving to be self-financing.

In the light of this, £7.5m is regarded as an appropriate target level for the HRA general reserve over the three-year financial planning period which the Director of Corporate Resources considers to be a prudent level. This represents approximately 9% of the HRA turnover for 2012-13.

## **10. HRA Major Repairs Reserve**

The balance on this reserve represents the amount unspent of the major repairs allocation (MRA) and will be used for future housing capital spend. This has been inflated in recent years as the government has allowed Decent Homes funding to be brought forward. However due to changes in the HRA financing from 1<sup>st</sup> April 2012 this will be changing and currently it is not anticipated there will be any extra resources to go into this reserve after the 2012-13 capital programme has been financed.

## **11. Schools Reserve**

The amount in the schools reserve is a consequence of the funding and spending of individual schools. A proportion of it reflects earmarked funding for future schools projects. The current expected level of the reserve at £1m represents 0.5% of the schools core funding. The projection for 2012-13 will not be finalised until individual schools budgets are calculated, which is subject to the pupil count data. A loan scheme has been introduced with the agreement of the school's forum, which acts like the Council's own Sustainable Investment Fund (SIF) and allows schools to borrow to invest in energy and carbon reducing improvements that can be repaid back to the general schools balances.

## 12. Overall

The estimates of the reserves position, including earmarked and un-earmarked reserves for the General Fund, schools and the HRA are detailed in the table below.

Reserve	Actuals 31.03.11 £m	Forecast to 31.03.12 £m	Forecast to 31.03.13 £m
<b>Non-earmarked</b>			
General Fund Balance	10.6	10.5	10.5
<b>Total Non-earmarked Reserves</b>	<b>10.6</b>	<b>10.5</b>	<b>10.5</b>
<b>Earmarked</b>			
Services Reserve	4.8	4.7	1.6
Insurance Reserve	8.9	8.0	8.0
PFI Reserve	7.2	5.0	4.8
Infrastructure Reserve	2.4	1.9	0.4
Transition Reserve	1.8	1.8	1.8
Financing Reserve	8.5	8.0	5.0
Debt Repayment/Capital Reserve	13.3	12.5	8.2
<b>Total Earmarked Reserves</b>	<b>46.9</b>	<b>41.9</b>	<b>29.8</b>
<b>Other Reserves</b>			
HRA	8.0	7.5	7.5
Major Repairs (HRA)	0.0	0.0	0.0
Schools	2.6	1.0	1.0
<b>Total Other Reserves</b>	<b>10.6</b>	<b>8.5</b>	<b>8.5</b>
<b>Total</b>	<b>68.1</b>	<b>60.9</b>	<b>48.8</b>

**Adequacy of Reserves - Risk Assessment**

Three key assessment areas:

1. Identification of risks during the financial planning and budget setting process as set out in the main report;
2. risk assessment of the agreed investment and savings proposals in the proposed budget package, and;
3. key risks identified, monitored and managed through the Council's risk management strategy in the corporate risk register.

	<b>Gross Budget Exposure £m</b>	<b>Risk %</b>	<b>Residual Impact £m</b>
<b>1. Budget Process</b>			
Adult Social Care	50		
Childrens Services	24	A medium level risk	
Housing	10	assessment has been	
Capital Financing	40	applied to the budget	
Revenue streams	50	amount potentially at risk.	20.0
<b>2. Savings Proposals</b>			
- Delivery Programme	20	Medium risk on savings proposals for 2012-13	3.0
- Transition costs (e.g. redundnacies)	14	Very high risk of significant financial impact	14.0
<b>3. Corporate Risk Register</b>			
	28	Low risk assessment on variety of risks within the corporate risk register	2.0
<b>4. Unidentified Risks</b>			
Less earmarked reserves and contingencies for the above			1.0
<b>Grand Total</b>			- <b>29.8</b> <b>10.2</b>



## DEDICATED SCHOOLS GRANT and ACADEMIES

Text below was reported to the Cabinet at its meeting on 20<sup>th</sup> December 2011

- 1 The Schools Forum met on 8<sup>th</sup> December 2011 to consider a paper on the Dedicated Schools Grant Budget Strategy for 2012-13. A number of recommendations were put to the Forum and their views have been set out below in respect of the key areas, to inform the Cabinet's consideration of these issues.
- 2 The schools financial settlement for 2012-13 will follow the same pattern as in 2011-12 (i.e. the spend plus methodology) with a single Guaranteed Unit of Funding multiplied by the number of pupils recorded in the various pupil censuses taken in January 2012.
- 3 The Guaranteed Unit of Funding (GUF) in 2011-12 was £6,306.81 and will continue at this level in 2012-13. This represents a standstill at cash levels although clearly the effect of inflation means that, for this element of the budget, schools will experience a real terms decrease in their funding in 2012-13. On the basis of the final 2011-12 pupil numbers and the GUF above the estimated DSG for 2012-13 will be set at £208.503m which the Cabinet is asked to agree as the indicative level of the Dedicated Schools Grant (DSG) for 2012-13.
- 4 In addition to this funding schools will continue to receive the Pupil Premium which was introduced in 2011-12. It initially provided £430 per pupil eligible for Free School Meals (FSM) in the January census. During 2011-12 this was increased to £488 per pupil and, for 2012-13, is set to double. The government has also consulted on possible changes to the methodology for distributing the Pupil Premium; the outcome of which is awaited. However, for 2012-13 the Cabinet is asked to note an expected Pupil Premium allocation of £10.1m.

- 5 In 2011-12 there was a fundamental change to a large number of previous grant funded streams with most being incorporated within the DSG. In 2011-12 it was agreed that, for *universal grants*, a lump sum equivalent to the 2010-11 allocation of predecessor grants, reduced by 1.5% to reflect the negative Minimum Funding Guarantee (MFG) would be provided and for *targeted grants* the relevant sum would be added to headroom. It was further agreed that this approach be revisited in 2012-13 as part of an overall review of the Haringey Formula. However, given that the government has consulted on fundamental changes to school funding which are anticipated to be implemented for 2013-14 and which include the possibility of a national funding formula, the Cabinet is asked to **agree** the continuation of this approach in 2012-13 pending further clarification on the outcomes from the School Funding consultation. The Schools Forum was in agreement with this approach.
- 6 In 2011-12 uncertainty over the continuation of the Music Education Grant (MEG) led Members to agree to support the Music Service from headroom. Resources of £126.6k were provided in 2011-12 and the increased contribution for 2012-13 on a similar basis is £41.1k which the Forum supported on the understanding that the Head of the Music Service attend the next Forum meeting to explain what steps were being taken to ensure that all pupils from across the borough had equitable access to the service.
- 7 A one-off allocation of £522k was made available to certain schools to take on the running of extended services on the understanding that future provision be self-sustaining. This sum is not required in 2012-13 and the Forum agreed to a proposal to add this to the available headroom. The Cabinet is asked to **endorse** this treatment.
- 8 The Forum was asked to express a view on a number of proposed formula changes and in particular indicate their agreement to consult on those changes with schools, and other relevant bodies, where appropriate. The School Forum has the power to agree changes to the Funding Formula and therefore the Cabinet is asked to **note** the intention of the Forum to consult and to propose changes to the Formula in the following areas:
- Protection for 'bulge' classes.
  - Changes to the methodology for recognising premises costs.
  - The introduction of a small secondary schools factor.

- 9 In addition the Forum were advised of two further formula changes; the first consequent on changes to the government's formula for distributing the Pupil Premium which has obviated the need to continue with a local factor introduced last year for new schools. The Forum also agreed not to consult on a proposal to remove the paid meal subsidy on the basis that it provided a useful lever against schools failing to levy the recommended price for a school meal.
- 10 A number of pressures were highlighted to the Forum which it was agreed should be met from the available headroom following the final determination of pupil numbers and the DSG. The pressures identified were:
- The need for additional funding of SEN places within the individual Schools Budget (ISB) for the new Integrated Learning Campuses and Heartlands High School resource base as part of a continuing strategy to develop in-borough SEN provision as a means to reduce the use of more costly out-borough provision and improve value for money;
  - The need to provide for the costs of the Local Authority Central Services Equivalent Grant (LACSEG) following the conversion of schools to Academy status; and
  - The educational component of Looked After Children (LAC) external residential costs.
- 11 The Cabinet is asked to **agree** to the funding of these items from available headroom.
12. Finally, the Forum were advised that the target of delegating 16% of resources via deprivation factors had now been achieved and therefore there was no need to create headroom through a general application of the Minimum Funding Guarantee (MFG). As a result they agreed to endorse an approach that did not require the reduction of formula factors by the MFG (-1.5%) unless there was insufficient headroom to meet all of the proposed calls on headroom. In the event that headroom is available after meeting all of the identified pressures the Forum agreed a proposal to distribute headroom via the Key Stage funding units including those for Early Years and place led settings. The Cabinet is asked to **agree** this approach to the use of headroom.

## Academies

- 13 The DfE has also consulted on interim funding arrangements for Academies proposals for revising the arrangements for calculating the Local Authority Central Services Equivalent Grant (LACSEG) and the outcome of this is also outstanding.
- 14 Haringey now has two schools that have chosen to convert to Academy status. The financial implications for 2012-13 are that funding equivalent to the school budget shares will be recouped from the DSG plus Local Authority Central Spend Equivalent Grant (LACSEG) of approximately £0.53m. In addition the government 'top slices' the Council's Formula Grant allocation. As noted at paragraph 9.12, the DfE is consulting on the calculation and recovery arrangements for academies transfer in 2011-12 and 2012-13 but has also stated there will be no consequential changes to the 2011-12 settlement figures and no authority will be adversely affected in 2012-13 compared to their 2012-13 Settlement figures.
- 15 The amount of LACSEG identified above represents the formulaic calculated reduction in the cost of central services (as opposed to costs that can actually be saved). The speed at which Haringey can reduce relevant costs within the centrally retained DSB will depend on a number of issues including whether economies can be made from delivering services to fewer schools and the Authority's ability to continue to provide services to Academies under trading arrangements.

\* \* \* \* \*







## HOUSING REVENUE ACCOUNT 2012-13 to 2014-15

### 1 Summary

- 1.1 This appendix sets out the new arrangements for the management of the Council's housing functions starting on 1 April 2012, and the recommendations on the consequential key decisions the Cabinet needs to take.
- 1.2 It also sets out the current position in respect of the PWC work on investment options, and makes **recommendations** in respect of rent increases, service charges, the separating of outstanding debt, use of capital receipts and the overall financial planning assumptions for the HRA 2012-15.
- 1.3 Finally, a proposed HRA MTFP 2012-15 is recommended including both revenue spending and the Capital Programme.

### 2 Changes in the financial management of the Housing Revenue Account from April 2012

- 2.1 Under the provisions of the Localism Act 2011, on 1<sup>st</sup> April 2012 far-reaching changes to the management of council housing come into effect whereby the current Housing Revenue Account subsidy system will be abolished to be replaced by a system of self-financing.
- 2.2 Under the new system housing authorities will no longer receive HRA subsidy. From April 2012 they will be allowed to retain all their rental income and be responsible for deciding how to spend it to meet their local housing needs.
- 2.3 In return for the new "freedoms" councils will be allocated a share of the national housing debt. Most authorities will find that their level of debt will increase whilst a few, including Haringey, will have a portion of their debt repaid. The exact amounts of debt to be received or paid off will be finally determined by the government but the latest draft determination suggests a figure of £232m.
- 2.4 Since 2009 PwC have been the Government's financial advisers on the self-financing reforms and they have identified a significant shift in responsibility and resources to local authorities. They summarise their interpretation of the changes as follows:

### HRA today

- It is self-contained, cannot go into deficit, with funding determined by central government;
- Annual subsidy determinations provide constraints on spending and borrowing;
- No need for active debt management strategy as government covers debt costs;
- Inflation and interest rate risks absorbed by government;
- Asset management strategy dependent on limited capital resources provided by central government;
- No real scope for strategic planning as reliant on annual government subsidy payments.

### HRA in the future

- End of central government funding of housing investment – long term asset management risk is the sole responsibility of councils;
- Councils entirely responsible for their own debt management strategy including level, cost and profile of debt;
- Need for proactive debt management, particularly in the early years;
- Councils will need to develop a new strategic financial framework for the HRA;
- Significant potential investment capacity, but councils need to operate within centrally determined borrowing constraints.

- 2.5 For several years the Council has been aware of government plans to alter radically the system of financial management and since the publication by DCLG of “Implementing self-financing for Council Housing” on 1<sup>st</sup> February 2011 has been making preparations for implementation. The Cabinet noted these changes at its meeting in December 2011.

## **3 Future Investment Options**

- 3.1 The Council and Homes for Haringey (HfH) have been preparing long term business plans, medium term financial plans and stock condition surveys for some considerable time. Nevertheless, it was felt that the proposed changes in funding arrangements justified the engagement of an external consultancy to assist in producing future investment options and assessing their implications.



3.2 Accordingly on 26<sup>th</sup> April 2011, in a report entitled "Capital Programme Priorities 2011-14" in paragraphs 9.4 to 9.7 the Cabinet were advised as follows:

- In order to inform the Council's decision making, a 30 year Business Plan needs to be produced, based on the HRA self financing model and taking into account the results of this year's stock condition surveys;
- A number of different scenarios need to be modelled in order that the Council can be properly appraised of the impact of some of the key assumptions, including:
  - Inflation and interest rates
  - Rent levels and associated policy
  - Void rates
  - Rent collection levels
  - Future management costs
  - The options for capital investment, particularly around the decent homes standard and what that actually means
  - The potential to access other external funding sources
  - The use of prudential borrowing.
- The 30 year Business Plan also needs to be modelled on different scenarios for different types of property, especially where it is already recognised that certain parts of the stock, such as the Noel Park Pods, are more costly to maintain and might require an alternative funding option;
- The re-modelling of the long term financial plan and the review of the funding options are inextricably linked. The commissioning process will reflect this.

3.3 On the basis of this advice Cabinet agreed:

"that a Borough-wide options appraisal ..... should be carried out to inform Members' consideration of how best the Council might address the short term and long term investment needs of its housing stock;"

3.4 Qualified consultants were invited to put forward proposals to carry out a brief, the purpose of which was defined as follows:

- The purpose of the brief is to support the Council and HfH in a strategic review of the options for delivering the future housing needs of the borough. It is expected that the review will consider a wide range of options. A central part of the work will be to look at the options available for capitalising

on opportunities from HRA reform, to meet the investment priorities of the borough;

- There are three stages of work required to ensure the Council and Homes for Haringey are prepared for HRA reform, and in the best position to take advantage of the new arrangements. The work naturally splits into two skill areas with stage one focussed on asset management and stages two and three focussed on business planning.

3.5 The brief was divided into three stages:

1. Asset management – Understand the nature and investment needs of the council's housing
2. Business planning – Help develop and validate a 30 year HRA financial plan to form the basis of strategic financial planning;
3. Business planning – Examine the full range of delivery options open to the council

3.6 Proposals were received from four well qualified firms and after interview and detailed appraisal the brief was awarded to PwC who were felt to be particularly well qualified, not least because of their work in helping the government to develop its proposals.

3.7 The three stage report will be presented to the Cabinet at a future meeting but the draft has been used to inform the proposed 2012-13 revenue and capital budgets and the 2012-15 MTFP. Cabinet noted the position at its meeting in December 2011.

#### **4 Rent increases**

4.1 Under the self-financing regime rents will remain as the overriding source of income for the HRA and the Cabinet and Council will continue to be required to make decisions annually on the level of increases. Cabinet's formal approval to a recommendation to the Council is now sought at this meeting.

4.2 For several years it has been the Council's policy, in accordance with subsidy determinations, to set rent increases leading towards convergence with rent levels of other social landlords at the specified time.

4.3 Rent increases in 2011-12 were the guideline increases included in the subsidy determination based on September 2010 RPI inflation and convergence by April 2016. This produced an average weekly actual rent of £87.49 compared with a target rent of £94.21. This represented an increase of 6.5% following increases of 1.3% and 6.1% in the previous two years.

- 4.4 Under self-financing there will no longer be an HRA subsidy determination but authorities will still be expected to follow convergence guidelines.
- 4.5 On the basis of the Cabinet's established policy, target rent increases for 2012-13 should reflect the September 2011 RPI (5.6%) and convergence in April 2016.
- 4.6 The average weekly dwelling rents with caps and limits applied according to the Government's restructuring policy will increase by £6.55 (7.5%) from £87.49 to £94.04. There will be differing increases across dwellings as set out below:

**Forecast weekly dwelling rents for 2012-13 with caps and limits applied**

**Table 1**

No of bedrooms	Minimum £	Maximum £	Average £
Bedsit	59.64	103.65	75.17
1	50.14	122.32	80.45
2	71.43	132.93	93.97
3	67.59	141.44	108.08
3+	78.93	165.90	125.69
<b>All dwellings</b>	<b>50.14</b>	<b>165.90</b>	<b>94.04</b>

**Percentage increase in weekly dwelling rents for 2012-13 with caps and limits applied**

**Table 2**

No of bedrooms	Minimum %	Maximum %	Average %
Bedsit	4.3	9.8	7.8
1	4.0	10.5	7.5
2	5.2	9.2	7.6
3	5.0	9.3	7.5
3+	5.5	8.9	7.4
<b>All dwellings</b>	<b>4.0</b>	<b>10.5</b>	<b>7.5</b>

**Range of changes**

**Table 3**

Amount	Number of properties
Less than £4.00	15
Between £4.00 and £5.00	1,025
Between £5.00 and £6.00	4,490
Between £6.00 and £7.00	4,775
Between £7.00 and £8.00	4,131
Between £8.00 and £11.00	1,684
<b>Total</b>	<b>16,120</b>

- 4.7 Should the Council not implement the full increase the loss of rent would be £0.7m per 1% of reduced increase.
- 4.8 Over 70% of the Council's tenants have at least part of their rent paid by benefits.

- 4.9 In the past the loss of rent income from the application of caps and limits has been reflected in increased subsidy. This is not expected to continue and a total expected loss of £1.2m in 2012-13 has been included in the overall self-financing budget. Over the "convergence" period this will reduce to zero.
- 4.10 Informal consultation on these proposed increases has been completed. 91% of 220 respondents were opposed to the increases. However, the Cabinet is now **recommended** to propose the rent increases detailed in paragraph 4.6 above to the Council for its approval.

## 5 Service charges

- 5.1 In addition to rents, tenants need to pay separate service charges for specific services that they receive. Charges are currently made for the following services.
- o Concierge services
  - o Caretaking
  - o Grounds maintenance
  - o Street sweeping
  - o Light and power
  - o District heating
  - o Water
- 5.2 The Council's policy has been to set charges to match budgeted expenditure. Except in unusual circumstances it has not been the policy to compensate for under or over recovery in previous years.
- 5.3 Based on current policy the Cabinet is **recommended** to propose the following changes to charges agreed for 2011-12 which have been consulted upon to the Council for its approval:

<b>Table 4</b>	<b>Existing charge per week</b>		<b>Proposed charge per week</b>	
<b>Option</b>	<b>2011-12</b>	<b>Increase</b>	<b>Increase</b>	<b>2012-13</b>
	<b>£</b>	<b>%</b>	<b>£</b>	<b>£</b>
Concierge	15.23	-7.0	-1.06	14.17
Grounds maintenance	2.41	19.1	0.46	2.87
Caretaking	5.57	-2.9	-0.16	5.41
Street sweeping	2.98	22.1	0.66	3.64
Light & power	1.06	187.8	1.99	3.05
District heating	9.02	25.5	2.30	11.32
Integrated reception service			0.77	0.77
Estates road maintenance			0.45	0.45
Water	5.56	16.7	0.93	6.49



## 6 Separation of outstanding debt

6.1 In accordance with statute and nationally accepted practice the Council finances a high proportion of its capital expenditure from borrowing and maintains a single loans account. Traditionally there has been no requirement for maintaining a separate account for the HRA. However under the new arrangements there is likely to be pressure for and logic in separating the debt between the General Fund and the HRA. Notwithstanding such a split there is no doubt that all of the debt will remain that of the Council and its management will remain the responsibility of the Council's Chief Financial Officer.

6.2 As at the end of March 2012 the Council's outstanding loans portfolio is expected to be:

Table 5	£m
Public Works Loans Board (UK Treasury)	453
Commercial lenders	176
Internal sources	100
<b>TOTAL</b>	<b>729</b>

6.3 It is likely that approximately £507m will relate to HRA expenditure with the balance of £222m relating to General Fund purposes. Draft guidance suggests that the government does not intend to be prescriptive as to whether the HRA debt and the General Fund debt should be separated but the guidance does show a bias in support of such a split. In addition, under the self-financing arrangements there are strong arguments of principle for separating the debt with the guidance advising that the overriding principles are:

- no detriment to the General Fund
- a solution that is broadly equitable between the HRA and General Fund.

6.4 As indicated in paragraph 2.3 above, on 28<sup>th</sup> March 2012 the government will be repaying a large proportion of the Council's PWLB debt. In the draft determination the government has indicated that this sum will be £232m leaving a total portfolio as follows:

Table 6	£m
Public Works Loans Board (UK Treasury)	221
Commercial lenders	176
Internal sources	100
<b>TOTAL</b>	<b>497</b>

- 6.5 Of the internal sources listed above approximately £8m relates to HRA balances and the remaining £92m to the General Fund [GF]. It is therefore recommended these sums be allocated directly to the two funds with the PWLB and commercial loans then split pro-rata to past expenditure creating a total split as follows:

<b>Table 7</b>	<b>HRA</b>	<b>GF</b>	<b>TOTAL</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Public works Loan Board (UK Treasury)	149	72	221
Commercial Lenders	118	58	176
Internal sources	8	92	100
<b>TOTAL</b>	<b>275</b>	<b>222</b>	<b>497</b>

- 6.6 For the HRA the average rate of interest on external borrowing for 2012-13 is estimated at 5.52%.
- 6.7 At its meeting in December 2011 the Cabinet agreed the above methodology be used to separate the outstanding debt on 1<sup>st</sup> April 2012 between the HRA and the General Fund. The approval of the Council will now be sought at its meeting on 28<sup>th</sup> February 2012. At that meeting the Council will receive the Treasury Management Strategy Statement. Within that Statement the Council will be advised of the final determination as discussed in paragraph 6.4 above and its impact on the specific level of debt to be allocated to the HRA on 1<sup>st</sup> April 2012.

## 7 Revenue Budget and MTFP 2012-15

- 7.1 The new self financing arrangements are predicated on the basis of a very straightforward structure for the Council's HRA as follows:

<b>Table 8</b>	<b>£m</b>
Rents	(80.1)
Costs of management and maintenance	37.3
Interest charges etc	15.9
<b>SURPLUS</b>	<b>(26.9)</b>

- 7.2 Of the surplus, £19.4m will be allocated for capital purposes whilst the remainder (£7.5m) can be used for further capital works or to augment the HRA balance.

- 7.3 Annex A sets out the HRA MTFP 2012-15 in terms of:
- Company Account
  - Managed Account
  - Retained Account
- 7.4 The Company Account – covers duties undertaken by Homes for Haringey funded by the Management Fee comprising mainly housing management and repairs and maintenance.
- 7.5 The Managed Account – comprises Council budgets for which management is delegated to Homes for Haringey including rental income, HRA subsidy and service charges.
- 7.6 The Retained Account- comprises Council budgets for which management is retained by the Council including capital financing costs and services funded by Supporting People.
- 7.7 As part of the Council’s strategy to generate efficiency savings, Homes for Haringey have been asked to reduce the portions of their Company Budget within their full control, [that is excluding charges made by the Council], by 5% which equates to £1.9m. They have been asked to minimise the impact on “front line” services and are planning accordingly.
- 7.8 The net budget for the Managed Account which comprises most of the HRA income sources is estimated to realise increased net income of £6.6m when the abolition of HRA subsidy is taken into account, arising largely from rent increases and additional service charges discussed above.
- 7.9 The Retained Account shows an expenditure reduction of £14.8m arising mainly from the reduction in the Management Fee payable to Homes for Haringey (-£1.2m); capital financing charges reflecting the self-financing arrangements (- £18.3m) and insurance charges (-£0.6m) partly offset by increased depreciation charges (£5.8m).
- 7.10 The impact of the move to self financing on the revenue budget is identified in the summary below of the most significant variances between the budget for 2011-12 (net surplus of £0.3m) and the proposed budget for 2012-13:

Table 9	£m
Increased rental income	5.2
Increased service charges	1.5
Reduction in Management Fee	1.2
Move to self-financing	(1.6)
Net other changes	0.9
<b>Variance</b> [£8.4m in December 2011 report]	<b>7.2</b>

- 7.11 The self-generated resources which will be available to the Council to fund capital expenditure in 2012-13 will be the in-year surplus of £7.5m as identified above and detailed in annex A together with the sum of £19.4m provided within the budget specifically for capital expenditure purposes.
- 7.12 The draft budgets for 2013-14 and 2014-15 largely reflect forecast inflationary increases with rental income additionally including provision for the movement towards convergence on 1 April 2016. Because of the overriding significance of rents within the HRA the forecast net budget surpluses show estimated increases of 59.3% in 2013-14 and 37.3% in 2014-15.”
- 7.13 The Cabinet is **recommended** to approve the 2012-13 HRA Budget and MTFP 2012-15 summarised above and set out in detail at annex A, for approval by the Council at its meeting on 28<sup>th</sup> February 2012.

## **8 Capital Programme**

- 8.1 In recent years the Council's programme for maintaining its estate has depended mainly on subsidy determinations and supported borrowing. The capital programme for 2011-12 is £36.2m with £19m being spent on Decent Homes funded from supported borrowing and £17.2m being spent on a range of repairs and improvement works financed by HRA subsidy and other resources including capital receipts. In addition, provision is made in the revenue account for a cyclical and responsive repairs programme of approximately £20m.
- 8.2 Whilst, in the short term, a further £50.9m of grants is expected to be received to support the Decent Homes programme, as discussed above, HRA subsidy will no longer exist and the format of the capital programme will need to take into account more complex factors.
- 8.3 Under self-financing the Council will have a relatively small amount of borrowing capacity and by far the majority of capital spend will need to be met from its own income sources, primarily rents and capital receipts.
- 8.4 In order to ensure maximum flexibility for the Council in advance of the completion of the review of investment options it is proposed the capital programme for 2012-13 relies predominately on internally generated resources. It is not planned therefore to draw on the limited borrowing capacity.



- 8.5 A proposed capital programme of £44.0m is set out at annex B. Proposed funding of that programme is set out below.

Table 10	2012-13 £m
Decent Homes Grant	17.0
Internally generated funds (para 7.11)	26.5
Capital receipts	0.5
<b>TOTAL</b>	<b>44.0</b>

- 8.6 Should any of the works cover leasehold properties the costs will be recoverable from the leaseholders and will not be a charge on the Council's resources.
- 8.7 The Cabinet is **recommended** to approve the Capital Programme summarised above and set out in detail at annex B for approval by the Council in February 2012.



**ANNEX A REVENUE BUDGET**

HRA Summary	2011-12		2012-13		2013-14		2014-15	
	Increase / (Decrease) \$000s	Original Budget \$000s	Increase / (Decrease) \$000s	Draft Budget \$000s	Increase / (Decrease) \$000s	Draft Budget \$000s	Increase / (Decrease) \$000s	Draft Budget \$000s
Company Income	-	(53,158)	3,160	(49,998)	756	(49,242)	737	(48,505)
Chief Executive	-	1,350	(20)	1,330	(43)	1,287	(43)	1,244
Housing Management	-	12,046	238	12,284	(158)	12,126	(160)	11,966
Business Improvement	-	93	(93)	(0)	-	(0)	-	(0)
Resources	-	2,395	(172)	2,223	(81)	2,142	(82)	2,060
Property Services	-	29,744	(2,400)	27,344	(824)	26,520	(840)	25,680
Corporate	-	7,530	(713)	6,817	350	7,167	388	7,555
<b>Total Company Accounts</b>	-	-	(0)	(0)	-	(0)	-	(0)
Rental Income	-	(72,518)	(5,229)	(77,747)	(3,474)	(81,221)	(3,549)	(84,770)
Non Dwelling Rents	-	(2,443)	73	(2,370)	(47)	(2,417)	(48)	(2,465)
HRA Subsidy	-	(14,094)	14,094	0	0	0	0	0
Leasehold Service Charge Income	-	(5,171)	(158)	(5,329)	(113)	(5,442)	(115)	(5,557)
Tenant Service Charge Income	-	(8,618)	(1,370)	(9,988)	(200)	(10,188)	(203)	(10,392)
Miscellaneous Income	-	(5,321)	(679)	(6,000)	(117)	(6,117)	(119)	(6,236)
Housing Management Costs	-	7,439	658	8,097	162	8,259	165	8,424
Repairs & Maintenance	-	71	50	121	2	123	3	126
Bad Debt Provision	-	650	63	713	450	1,163	0	1,163
Service Charge Costs	-	6,519	38	6,557	95	6,652	96	6,748
<b>Total Managed Accounts</b>	-	(93,486)	7,540	(85,946)	(3,242)	(89,188)	(3,771)	(92,959)
Temporary Accommodation Income	-	(3,540)	(56)	(3,596)	(115)	(3,711)	(119)	(3,830)
Housing Management Direct Costs	-	1,709	(226)	1,483	59	1,542	60	1,602
Supported Housing Costs	-	2,844	(196)	2,648	11	2,659	11	2,670
Repairs & Maintenance	-	328	(10)	318	7	325	7	332
Capital Financing Charges	-	47,800	(12,464)	35,336	(174)	35,162	334	35,496
Other Property Costs	-	2,014	(606)	1,408	19	1,427	24	1,451
Bad Debt Provisions	-	61	1	62	1	63	2	65
ALMO Management Fee	-	41,979	(1,206)	40,773	(1,023)	39,750	(1,011)	38,739
<b>Total Retained Accounts</b>	-	93,195	(14,763)	78,432	(1,216)	77,216	(692)	76,524
<b>TOTAL HOUSING REVENUE ACCOUNT</b>	-	(291)	(7,223)	(7,514)	(4,458)	(11,972)	(4,463)	(16,435)

<b>ANNEX B1 - CAPITAL PROGRAMME</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Programmed Works</b>			
Mechanical and Electrical	1.250	1.250	1.250
Asbestos Removal	0.100	0.100	0.100
Boiler Replacements and Major Repairs	3.500	3.500	3.500
Lift Renewal	2.181	2.181	2.181
Structural Works	0.600	0.600	0.600
Capitalised Repairs	4.563	4.000	3.750
Extensive Void Works	1.350	1.650	1.821
<b>Major Voids and Accommodation Improvements</b>	<b>0.500</b>		
Decent Homes	25.322	15.629	27.480
Aids and Adaptations	1.200	1.200	1.200
Professional Fees	1.508	1.671	1.750
<b>Sub Total</b>	<b>42.074</b>	<b>31.781</b>	<b>43.632</b>
<b>Projects</b>			
Adaptation and Refurbishment of Six Bedroom House	0.090		
Environmental improvements	0.250		
Adaptation of office accommodation	0.150		
Conversions and Extensions - disused commercial units	0.550		
Energy Efficiency Programme	0.100	0.100	0.100
Supported Living Scheme (residential care)	0.150		
Supported Living Scheme (young care leavers)	0.150		
Saltram Close	0.467		
<b>Sub Total</b>	<b>1.907</b>	<b>0.100</b>	<b>0.100</b>
<b>TOTAL</b>	<b>43.981</b>	<b>31.881</b>	<b>43.732</b>



## 2012-13 Capital Programme Commentary

1. Mechanical and Electrical – £1.25m
  - 1.1 Approximately half of the budget will be spent on the re-wiring of landlord's electrical supply to blocks and the other half on planned maintenance and repairs to existing door entry systems.
2. Asbestos Removal – £0.100m
  - 2.1 This budget funds the testing, removal and management of asbestos containing materials (ACMs) identified during responsive repair works. This work is essential to enable responsive repairs work to be completed safely and ensure that ACMs are safely managed in homes and communal areas. Sometimes the work is carried out by sealing or encasing the asbestos, rather than removing it.
3. Boiler Replacements and Major Repairs – £3.500m
  - 3.1 This budget funds the replacement of boilers, together with major repairs such as the replacement of heat exchangers, on a reactive basis.
  - 3.2 Although a boiler has an expected life of 15 years, many boilers are considerably older than this and should be replaced. Modern energy efficient boilers that Homes for Haringey is now installing have a life expectancy of only 12 years.
  - 3.3 The proposed budget is broadly consistent with advice received from Homes for Haringey that an annual budget of £4m be provided to support a planned approach to boiler replacement.
4. Lift Renewal – £2.181m
  - 4.1 This budget funds the replacement of lifts that have reached the end of their useful life. Lifts have an expected life of between 15 and 20 years, and lift replacement programmes require long lead-in periods because of the specialist nature of the work and the bespoke requirements of each lift.
  - 4.2 There are 142 lifts in the Council's housing stock. Currently approximately 60 lifts are identified for renewal. Each of these lifts is more than 20 years old, and several are significantly older.
  - 4.3 In recent years the lift replacement programme has not been keeping pace with obsolescence causing considerable inconvenience to residents. The regular lift servicing programme has identified the need to replace more lifts in future years to ensure continued service for residents. The increase in budget from the £1.4m allocated in 2012-13 will help reduce the backlog.

- 4.4 An enhanced replacement programme will also have a positive impact on the pricing of the lift maintenance contract that is about to be re-procured.
5. Structural Works – £0.600m
- 5.1 This budget funds essential structural works including, for example, underpinning, concrete repairs and brickwork repairs.
6. Capitalised Repairs – £4.563m
- 6.1 This budget funds capital works (such as kitchen renewal, bathroom renewal and the installation of new central heating systems) that are carried out, as part of the responsive repairs programme, to renew items that are beyond economic repair. Repairs to void properties account for a significant amount of expenditure within this budget.
7. Extensive Void Works – £1.350m
- 7.1 This budget funds the repair and improvement of void properties that require major works before they can be re-let.
- 7.2 The proposed budget has increased from £0.600m in 2012-13 partly to deal with the impact of the reduction in the Decent Homes programme and the need to focus on the external fabric and services. As a result kitchen and bathroom replacements in void properties, which would previously have been part of the Decent Homes programme, must now be funded separately.
8. Major Voids and Accommodation Improvements - £0.500m
- 8.1 This budget will facilitate one off capital schemes to refurbish large voids for other uses. The programme includes upgrading the facilities at Homes for Haringey's Lordship Lane Repairs Depot by demolishing redundant pre-fabricated buildings, extending the stores facility, upgrading the joinery mill and glazing facility and providing additional parking. Lane.
9. Decent Homes - £25.322m
- 9.1 On 4 October 2011 Cabinet agreed a detailed programme utilising the Decent Homes grant of £17m and to the delivery of that programme through a mini-tender process.
- 9.2 It is proposed that an additional £7.8m is allocated for 2012/13, enabling the external fabric work to benefit an estimated additional 750 to 900 homes, making them warm, safe and dry. The current Decent Homes work profile is focused on the external fabric, but also includes boiler renewal and rewiring. This element of M&E work will supplement the specific allocations for the M&E budgets to more closely mirror the investment requirements identified in the Stock Options projections.

9.3 The specific blocks to benefit from the enhancement to the programme will be agreed once the size of the allocation has been confirmed. First call would be given to the "Reserve Schemes" for the 2012-13 programme that were agreed by Cabinet in October 2011. The investment will be targeted to avoid potential conflict with potential options arising from the Stock Options Appraisal.

10. Aids & Adaptations - £1.200m

10.1 This demand-led budget funds the adaptation of council homes and the provision of disabled facilities for council tenants and members of their household.

11. Adaptation and Refurbishment of Six Bedroom House - £0.090m

11.1 This will enable the creation of a supported living scheme with on site carer for five adults with learning difficulties who are currently living in residential care.

12. Environmental Improvements - £0.250m

12.1 This project involves upgrading lighting, entry control and communal water facilities and refurbishing external surfaces.

13. Adaptation of Office Accommodation - £0.150m

13.1 This allows the improvement of facilities for customer contact at Gloucester Road and Commerce Road.

14. Conversions and Extensions - £0.550m

14.1 To reduce overcrowding in council housing it is proposed to convert seven disused commercial units into family homes and extending five family homes to create extra bedrooms.

15. Energy Efficiency Scheme - £0.100m

15.1 This project allows for the installation of low cost but high impact measures, including loft/cavity wall installation and central heating controls, and provides for start up / matched funding to attract additional investment from other funders.

16. Supported Living Scheme - £0.150m

16.1 This will enable 3-5 family homes to be adapted to create supported living schemes for people who are currently living in residential care.

17. Supported Living Scheme - £0.150m

- 17.1 This will enable 3-5 family homes to be converted to create suitable short-term accommodation for young care leavers who will be provided with the help and support they need to develop their life skills and prepare for independent living as part of a planned move into social rented housing.

18. Saltram Close - £0.467m

- 18.1 This project comprises playground and landscaping works, door entry and environmental works and the refurbishment of garages. The project commenced in 2011-12 when £0.043m was spent with the balance of £0.467m scheduled for 2012-13.



# Draft Haringey Council Capital Programme 2012/13 to 2014/15

Appendix 7

Draft Summary Capital Programme 2012/13 to 2014/15		Proposed Budget 2012/13 £'000	Indicative Budget 2013/14 £'000	Indicative Budget 2014/15 £'000	Total £'000
<b>Draft Expenditure Budget</b>					
Place and Sustainability		16,033	9,381	6,838	32,252
Adults and Housing		2,112	1,536	1,536	5,184
Corporate Resources		2,945	1,837	250	5,032
Alexandra Palace & Park Charitable Trust		1,350	1,350	750	3,450
Children & Young People		20,793	13,325	4,600	38,718
Housing Services (Housing Revenue Account only)		43,981	31,881	43,732	119,594
Cross Directorate		650	0	0	650
<b>Total Capital Programme</b>		<b>87,864</b>	<b>59,310</b>	<b>57,706</b>	<b>204,880</b>
<b>Draft Capital Financing</b>					
Capital grants from central government departments (inc SCE(C))		11,138	9,351	2,936	23,425
Grants and contributions from private developers & leaseholders		141	1,090	0	1,231
* Grants & contributions from non-departmental public bodies		3,170	511	160	3,841
* Capital grants from the National Lottery		200	350	0	550
Capital funding from GLA bodies		3,792	2,120	2,100	8,012
Use of capital receipts		11,130	9,300	5,128	25,558
* Section 106		2,600	50	900	3,550
Capital expenditure financed from the Housing Revenue Account		43,514	31,881	43,732	119,127
Capital expenditure financed from the General Fund Revenue Account		5,060	1,950	450	7,460
Supported Capital Expenditure (prudential borrowing)		5,474	2,020	2,300	9,794
Use of reserves		1,645	687	0	2,332
<b>Total Capital Financing</b>		<b>87,864</b>	<b>59,310</b>	<b>57,706</b>	<b>204,880</b>
Note * Includes provisional external funding assumptions. Individual schemes will not proceed as set out until sufficient funding is confirmed.					

Draft Haringey Council Capital Programme 2012/13 to 2014/15

Draft Capital Programme 2012/13 to 2014/15		Total Planned Expenditure Budget		Total Funding Source (3 years)					Use Of Capital Receipts		Section 106		Total
Ref. No.	Name of Capital Scheme Place and Sustainability	Proposed Original Budget 2012/13	Indicative Original Budget 2013/14	Indicative Original Budget 2014/15	Total	Grants & Contribution From Private Developers & Leaseholders	Grants & Contribution From Non-Departmental Public Bodies	Capital Grants From The National Lottery	Capital Funding From GLA Bodies	Use Of Capital Receipts	Section 106	Total	
1	Lordship Lane Recreation Ground	3,120	461	160	3,741	0	3,741	0	0	0	0	3,741	
2	* Tottenham Hale Gyrotory	3,241	500	1,776	5,519	141	0	0	0	1,878	3,500	5,519	
3	Tottenham Regeneration	500	800	0	1,300	0	0	0	0	1,300	0	1,300	
4	Contribution to Northumberland Park Regeneration Package	1,300	2,200	500	4,000	0	0	0	0	4,000	0	4,000	
5	* Down Lane Park - Master Plan Implementation	500	700	0	1,200	0	100	550	0	500	50	1,200	
6	Repairs and Maintenance of Council Buildings	750	750	750	2,250	0	0	0	0	2,250	0	2,250	
7	Street Lighting	400	400	400	1,200	0	0	0	0	1,200	0	1,200	
8	Borough Roads and Footways	500	500	500	1,500	0	0	0	0	1,500	0	1,500	
9	Road Safety/Drainage/Structures	300	150	150	600	0	0	0	0	600	0	600	
10	Parking Plan	150	0	0	150	0	0	0	0	150	0	150	
11	TfL - Corridors/Neighbourhoods/Smarter Travel	2,167	2,120	2,100	6,387	0	0	0	6,387	0	0	6,387	
12	TfL - Local Transport	100	0	0	100	0	0	0	100	0	0	100	
13	TfL - Principal Road Maintenance	525	0	0	525	0	0	0	525	0	0	525	
14	TfL - Wood Green Town Centre	1,000	0	0	1,000	0	0	0	1,000	0	0	1,000	
15	Accommodation Strategy	1,430	750	450	2,630	0	0	0	0	2,630	0	2,630	
16	Capital Programme Support	50	50	50	150	0	0	0	0	150	0	150	
<b>Total Place and Sustainability</b>		<b>16,033</b>	<b>9,381</b>	<b>6,838</b>	<b>32,252</b>	<b>141</b>	<b>3,841</b>	<b>550</b>	<b>8,012</b>	<b>16,156</b>	<b>3,550</b>	<b>32,252</b>	

Note \* Includes provisional external funding assumptions. Individual schemes will not proceed as set out until sufficient funding is confirmed.

## Draft Haringey Council Capital Programme 2012/13 to 2014/15

Draft Capital Programme 2012/13 to 2014/15		Total Planned Expenditure Budget			Total Funding Source (3 years)			
Ref. No.	Name of Capital Scheme	Proposed Original Budget 2012/13 £'000	Indicative Original Budget 2013/14 £'000	Indicative Original Budget 2014/15 £'000	Total £'000	Capital Grants From Central Government Departments (inc SCE(C)) £'000	Use Of Capital Receipts £'000	Total £'000
	<b>Adults and Housing</b>							
17	Major Adaptations in Non Council Owned Properties	1,536	1,536	1,536	4,608	2,508	2,100	4,608
18	Telecare	87	0	0	87	87	0	87
19	Vulnerable Adults - Supported Living	193	0	0	193	193	0	193
20	Modernisation of Day Opportunities	216	0	0	216	216	0	216
21	Haricare Expansion	30	0	0	30	30	0	30
22	Think Local, Act Personal - Move On	50	0	0	50	50	0	50
	<b>Total Adults and Housing</b>	<b>2,112</b>	<b>1,536</b>	<b>1,536</b>	<b>5,184</b>	<b>3,084</b>	<b>2,100</b>	<b>5,184</b>

## Draft Haringey Council Capital Programme 2012/13 to 2014/15

Ref. No.	Name of Capital Scheme	Total Planned Expenditure Budget			Total Funding Source (3 years)				
		Proposed Original Budget 2012/13 £'000	Indicative Original Budget 2013/14 £'000	Indicative Original Budget 2014/15 £'000	Total £'000	Use Of Capital Receipts £'000	Financing From General Fund Revenue Account £'000	Use of reserves £'000	Total £'000
<b>Corporate Resources</b>									
23	IT Capital Programme (Corporate)	250	250	250	750	750	0	0	750
24	IT Infrastructure Renewal Programme								
	- Desktop/Laptop	1,800	0	0	1,800	900	900	900	1,800
	- Infrastructure Renewals	745	1,587	0	2,332	0	900	1,432	2,332
25	Customer Service Centre Refurbishment	100	0	0	100	100	0	0	100
26	Customer Service Centre Re-provision	50	0	0	50	50	0	0	50
	<b>Total Corporate Resources</b>	<b>2,945</b>	<b>1,837</b>	<b>250</b>	<b>5,032</b>	<b>900</b>	<b>1,800</b>	<b>2,332</b>	<b>5,032</b>
<b>Alexandra Palace &amp; Park Charitable Trust</b>									
27	Refurbishment of Premises and Plant	500	500	500	1,500	1,500	0	0	1,500
28	Regeneration and Development Programme	850	850	250	1,950	0	1,950	0	1,950
	<b>Total Alexandra Palace &amp; Park Charitable Trust</b>	<b>1,350</b>	<b>1,350</b>	<b>750</b>	<b>3,450</b>	<b>1,500</b>	<b>1,950</b>	<b>0</b>	<b>3,450</b>



## Draft Haringey Council Capital Programme 2012/13 to 2014/15

Ref. No.	Name of Capital Scheme	Total Planned Expenditure Budget		Indicative Original Budget 2013/14	Indicative Original Budget 2014/15	Total	Capital Grants From Central Government Departments (inc SCE(C))	Grants & Contribution From Private Developers & Leaseholders	Use Of Capital Receipts	Financing From General Fund Revenue Account	SCE (R) Single Capital Port	Total
		2012/13	2013/14									
	Children & Young People Service											
	<b>BSF Programme</b>											
29	Heartlands High School	840	0	0	0	840	0	0	0	840	0	840
30	Woodside High	300	0	0	0	300	0	0	0	300	0	300
31	ICT MSP Contract	1,330	2,060	0	0	3,390	560	1,500	0	1,330	0	3,390
32	BSF Other - Total	640	0	0	0	640	0	0	0	640	0	640
	<b>(A) Sub-total BSF Programme</b>	<b>3,110</b>	<b>2,060</b>	<b>0</b>	<b>0</b>	<b>5,170</b>	<b>560</b>	<b>1,500</b>	<b>0</b>	<b>3,110</b>	<b>0</b>	<b>5,170</b>
	<b>Primary and Pre-School Programme</b>											
33	Broadwater Farm ILC	5,437	1,254	0	0	6,691	1,254	2,283	0	0	3,154	6,691
34	Rhodes Avenue Expansion to 3 FE	2,670	787	0	0	3,457	3,457	0	0	0	0	3,457
35	Milberry modernisation	726	164	0	890	890	890	0	0	0	0	890
36	Alexandra - Primary Expansion	490	790	280	0	1,280	1,280	0	0	0	280	1,560
37	Belmont - Primary Expansion	670	1,090	380	0	2,140	670	1,090	0	0	380	2,140
38	Lancasterian - Primary Expansion	780	1,260	440	0	2,480	2,040	0	0	0	440	2,480
39	Welbourne - Primary Expansion	1,240	2,020	700	0	3,960	1,240	0	0	0	2,720	3,960
40	Primary Pupil Place expansion fund	500	0	0	0	500	500	0	0	0	0	500
41	Ferry Lane MUGA	70	0	0	0	70	0	0	0	0	70	70
42	Alternative Provision	0	1,000	0	0	1,000	1,000	0	0	0	0	1,000
	<b>(B) Sub-total Primary and Pre-School Programme</b>	<b>12,583</b>	<b>8,365</b>	<b>1,800</b>	<b>0</b>	<b>22,748</b>	<b>12,331</b>	<b>1,090</b>	<b>2,283</b>	<b>0</b>	<b>7,044</b>	<b>22,748</b>
	<b>Planned Asset Improvement</b>											
43	Planned and reactive condition works	1,000	1,000	1,000	0	3,000	1,500	0	0	0	1,500	3,000
44	School Kitchen enhancements	200	200	200	0	600	600	0	0	0	0	600
45	Electrical infrastructure upgrades	500	0	0	0	500	0	0	0	0	500	500
46	Lifecycle works (Secondary Schools)	200	200	200	0	600	0	0	0	600	0	600
47	Carer Home adaptations	100	0	0	0	100	100	0	0	0	0	100
	<b>(C) Sub-total Planned Asset Maintenance</b>	<b>2,000</b>	<b>1,400</b>	<b>1,400</b>	<b>0</b>	<b>4,800</b>	<b>2,200</b>	<b>0</b>	<b>0</b>	<b>600</b>	<b>2,000</b>	<b>4,800</b>
	<b>Devolved Schools Capital</b>											
48	Devolved Capital	800	800	800	0	2,400	2,400	0	0	0	0	2,400
	<b>(D) Sub-total Planned Devolved Schools Capital</b>	<b>800</b>	<b>800</b>	<b>800</b>	<b>0</b>	<b>2,400</b>	<b>2,400</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,400</b>
	<b>Total Excluding BSF (B+C+D)</b>	<b>15,383</b>	<b>10,565</b>	<b>4,000</b>	<b>0</b>	<b>29,948</b>	<b>16,931</b>	<b>1,090</b>	<b>2,283</b>	<b>600</b>	<b>9,044</b>	<b>29,948</b>
49	Programme Delivery Costs	800	700	600	0	2,100	2,100	0	0	0	0	2,100
50	Programme Contingency	1,500	0	0	0	1,500	750	0	0	0	750	1,500
	<b>Total Children &amp; Young People</b>	<b>20,793</b>	<b>13,325</b>	<b>4,600</b>	<b>0</b>	<b>38,718</b>	<b>20,341</b>	<b>1,090</b>	<b>3,783</b>	<b>3,710</b>	<b>9,794</b>	<b>38,718</b>

## Draft Haringey Council Capital Programme 2012/13 to 2014/15

Draft Capital Programme 2012/13 to 2014/15		Total Planned Expenditure Budget			Total Funding Source		
Ref. No.	Name of Capital Scheme	Proposed Original Budget 2012/13 £'000	Indicative Original Budget 2013/14 £'000	Indicative Original Budget 2014/15 £'000	Use Of Capital Receipts £'000	Financing From HRA £'000	Total £'000
	<b>Housing Services (Housing Revenue Account (HRA))</b>						
	<b>Programmed Works</b>						
51	Mechanical and Electrical	1,250	1,250	1,250	0	3,750	3,750
52	Asbestos Removal	100	100	100	0	300	300
53	Boiler Replacements and Major Repairs	3,500	3,500	3,500	0	10,500	10,500
54	Lift Renewal	2,181	2,181	2,181	0	6,543	6,543
55	Structural Works	600	600	600	0	1,800	1,800
56	Capitalised Repairs	4,563	4,000	3,750	0	12,313	12,313
57	Extensive Void Works	1,350	1,650	1,821	0	4,821	4,821
58	Major Voids and Accommodation Improvements	500	0	0	0	500	500
59	Decent Homes	25,322	15,629	27,480	0	68,431	68,431
60	Aids and Adaptations	1,200	1,200	1,200	0	3,600	3,600
61	Professional Fees	1,508	1,671	1,750	0	4,929	4,929
	<b>Sub-total</b>	<b>42,074</b>	<b>31,781</b>	<b>43,632</b>	<b>0</b>	<b>117,487</b>	<b>117,487</b>
	<b>Projects</b>						
62	Adaptation and Refurbishment of Six Bedroom House	90	0	0	0	90	90
63	Environmental Improvements	250	0	0	0	250	250
64	Adaptation of Office Accommodation	150	0	0	0	150	150
65	Conversions and Extensions - disused commercial units	550	0	0	0	550	550
66	Energy Efficiency Programme	100	100	100	0	300	300
67	Supported Living Scheme (Residential Care)	150	0	0	0	150	150
68	Supported Living Scheme (Young Care Leavers)	150	0	0	0	150	150
69	Saltram Close	467	0	0	467	0	467
	<b>Sub Total</b>	<b>1,907</b>	<b>100</b>	<b>100</b>	<b>467</b>	<b>2,107</b>	<b>2,107</b>
	<b>Total Housing Services (Housing Revenue Account)</b>	<b>43,981</b>	<b>31,881</b>	<b>43,732</b>	<b>467</b>	<b>119,594</b>	<b>119,594</b>

**Draft Haringey Council Capital Programme 2012/13 to 2014/15**

Draft Capital Programme 2012/13 to 2014/15		Total Planned Expenditure Budget			Total Funding Source		
					(3 years)		
Ref. No.	Name of Capital Scheme	Proposed Original Budget 2012/13 £'000	Indicative Original Budget 2013/14 £'000	Indicative Original Budget 2014/15 £'000	Total £'000	Use Of Capital Receipts £'000	Total £'000
	<b>Cross Directorate</b>						
70	One SAP Programme	650	0	0	650	650	650
	<b>Total Cross Directorate</b>	650	0	0	650	650	650

