

Council

On 2 February 2004

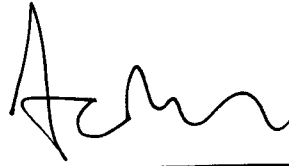
Report title: Financial Planning 2004/5 to 2006/7**Report of: Director of Finance****Wards affected: All****1. Purpose****1.1** To consider the Executive's proposed budget package.**2. Recommendations**

- 2.1** To note the outcomes of the various consultation activities conducted as part of the budget process, set out in paragraph 8.
- 2.2** To agree the changes and variations set out at paragraph 7.4.1 and appendix C.
- 2.3** To agree the efficiency savings set out in paragraph 10 and appendix E.
- 2.4** To agree the investments set out in paragraph 11 and appendix F.
- 2.5** To agree the budget proposals for education set out in paragraph 12 and appendix H, and that schools' funding be finalised as set out in paragraph 12.5.
- 2.6** To agree the budget proposals for the Housing Revenue Account set out in paragraph 13 and appendix I.
- 2.7** To agree the proposed budget for the general fund and that the budget requirement, subject to the final settlement and the decisions of levying and precepting authorities, is £327.3m.
- 2.8** To agree the proposed budget for the Housing Revenue Account.
- 2.9** To note the consequences of these proposals for council tax levels, set out in paragraph 14.5, and that the formal decision on the council tax for 2004/5 will be made at the Council meeting on 16 February.

Report authorised

by:

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Director of Finance**



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3.1 Executive summary

- 3.1.1 The report sets out the Executive's budget package for Council decision. It is expected that the council tax increase for 2004/5 will be 7.5%.
- 3.1.2 The report proposes a budget for education based on a continued policy of full passporting.
- 3.1.3 The report proposes a balanced budget for the housing revenue account based on an average rent increase of 3.01%.

3.2 Reasons for any change in policy or for new policy development

- 3.2.1 There are a number of financial policy issues inherent in the budget process. These are set out in the report.

4. Access to information: Local Government (Access to Information) Act 1985

The following background papers were used in the preparation of this report:

Draft local government finance settlement, 19 November 2003, accessible on the ODPM website at www.local.odpm.gov.uk/finance/0405/grant.htm

For access to the background papers or any further information please contact Gerald Almeroth on 020 8489 3743

5 Background

5.1 My reports to the Executive on 8 July, 21 October and 16 December 2003 and 20 January 2004 set out the key financial planning issues facing the Council and proposed a process for the detailed consideration of a budget package. Members will recall that the existing plans for the three year period 2004/5 to 2006/7 (agreed in February 2003) result in a budget gap of £1.3m, an assumed Haringey council tax increase of 15% for 2004/5 followed by increases of 2.5% in each of the two subsequent years, and an investment allocation of £4m from 2004/5.

5.2 This report proposes a budget package for the three year period 2004/5 to 2006/7 and is in nine sections:

- government support
- changes and variations
- consultation
- strategic approach
- savings options
- investment options
- the education budget
- the Housing Revenue Account
- council tax
- key risk factors.

5.3 This analysis is supported by nine appendices:

- appendix A sets out the gross budget trail;
- appendix B tracks the resource shortfall over the financial planning process;
- appendix C sets out revised proposals for social services budgets;
- appendix D sets out the conclusions from the Scrutiny process;
- appendix E sets out proposed efficiency savings;
- appendix F sets out proposed investments;
- appendix G is an update on the Better Haringey priority programme;
- appendix H sets out the education budget report;
- appendix I sets out the Housing Revenue Account budget report.

5.4 The Council meeting on 16 February 2004 will agree the final council tax for 2004/5, the Council's limits set under the new Prudential Code, and the capital programme.

6 Government support

6.1 Members will recall that there were major changes to grant distribution last year when SSAs were replaced by Formula Spending Shares (FSS). Those changes cost the Council £17.7m and meant that we received the lowest possible grant increase for

2003/4 and were expecting, due to the very poor underlying position, to be at the floor again in 2004/5.

6.2 The draft local government settlement for 2004/5 was released on 19 November and broadly confirmed the expected position. There were no changes in FSS methodology and floors and ceilings (at 3.5% and 5.8%) were retained to damp the impact of the underlying position. Haringey was set to receive a floor increase in grant at 3.7% or £8.7m (the 0.2% addition is in respect of a technical adjustment for capital). Additional resources for local authorities were, however, announced in the pre-budget report on 10 December together with revised floors and ceilings. The impact on Haringey was an improved floor increase of 4.2% or £9.9m.

6.3 Despite the focus on passporting and education resources following last year's settlement, the major technical flaw in the FSS arrangements has not been corrected. As a result the floors and ceilings set for the education element of FSS (and passporting) are still not linked to the overall floors and ceilings which define the actual cash increase received. Thus it is still possible for more than the total increase in grant to be required for education passporting. The one concession that the government has made in this regard is to provide additional damping grant to certain authorities such that for 2004/5 not more than 100% of grant is required to passport the schools element of FSS in full. Members will recall that this Council's existing policy is to passport the whole of the increase in education FSS to that service. Following the 10 December announcement, this will require 88% of the total grant increase set out above.

6.4 Following the draft settlement and the additional resources announced in the pre-budget report, there is an improvement in our position compared to that previously assumed as a result of two factors:

- higher than expected increases in FSS for both education and other service blocks;
- a reduction in the government's assumption for the council tax increase in 2004/5 from 6.1% to 2%.

This results in an improvement of £2.7m next year in the education position (assuming continued passporting), a benefit of £1.2m next year for other services, and a further benefit of £3.1m, deferred until 2005/6 as a consequence of the operation of the floor.

6.5 The settlement reflects function changes in respect of Quality Protects (QP) grants (added to FSS) and housing/council tax benefit and flood defence (removed from FSS). The QP switch results in a loss to the Council of £0.4m, which is reflected in the above figures; the other changes are intended by government to be neutral

however the changes associated with benefits are complex and the government is still consulting on certain elements of the new regime so it will take some time to work through the implications fully. It is reasonable to set the budget for 2004/5 on an assumption of neutrality but it should be noted that it may prove necessary to amend subsequently the base position for 2005/6.

6.6 The final settlement is expected on 5 February.

7 Changes and variations

7.1 Changes and variations agreed in previous processes

7.1.1 The 2003/4 budget was set as part of a process (building on previous processes), which covered the four years to 2006/7. The following changes and variations were recognised:

- **pay increases** were assumed at 3.5% compared to general inflation at 2.5% (excluding education, where it is assumed that pay awards and inflation are contained within passporting);
- a provision of £0.5m was made in respect of **inter fund rebalancing** between the housing revenue account and the general fund;
- increases in employer's contributions to the **pension fund** were assumed at £0.75m for 2004/5 (as required by the last valuation) and £0.5m in both 2005/6 and 2006/7 (assumed following valuation due as at March 2004);
- budget adjustments were made in respect of the **planning service, the Accord contract, and elections** totalling £0.434m in 2004/5, £0.050m in 2005/6 and £(0.316)m in 2006/7;
- provision for increases in **waste disposal levies** was made of £0.562m in 2004/5, £0.711m in 2005/6 and £0.658m in 2006/7;
- adjustments to **accommodation** budgets were incorporated of £0.75m in both 2004/5 and 2005/6 to deliver a sustainable base position; and
- the £1m contingency for **asylum seekers** was removed in 2005/6.

7.1.2 The total changes and variations recognised in previous processes were £4.0m for 2004/5, £2.1m for 2005/6 and £2.0m for 2006/7.

7.2 Changes and variations agreed by July report

7.2.1 The report to the Executive on 8 July 2003 updated the strategic context for the financial planning process and made several adjustments to budgets as follows:

- the replenishment of balances in the sum of £0.240m in respect of action required this year to deliver the recommendations of the **Climbie inquiry report**;
- an assumed loss of resource of £0.5m as a consequence of the 2003/4 function change for **free nursing care**; and
- a £0.75m increase (to a total of £1.5m) for the annual **Alexandra Palace** deficit.

7.2.2 These changes and variations total £1.25m over the planning period.

7.3 Changes and variations agreed by December report

7.3.1 There were two issues impacting on base budgets which were considered in the report to the Executive on 16 December:

- an **interim valuation** of the pension fund at March 2003 has been received. The valuation reflects the significant reduction in the value of equity markets in the period to March 2003. It is clear from the interim valuation that the Council's existing plans for increased employer contribution rates from 2005/6 are unlikely to be sufficient to meet the rates required following the formal valuation due as at March 2004. For planning purposes, it is recommended that the present plans for stepped increases at 0.5% per annum (from the 18% rate for 2004/5) are increased to 1% at a cost of a further £0.5m in both 2005/6 and 2006/7;
- next year's expected **transfer of housing benefits** for council tenants out of the housing revenue account and into the general fund has been confirmed in the draft settlement. One consequence of this is that overpayments to tenants not recovered will be a general fund cost. Transitional arrangements will allow for this cost to be charged back to the HRA in total in 2004/5, with 50% chargeable in 2005/6 and the total cost falling on the general fund from 2006/7. The total cost is estimated at £0.9m and a review of recovery performance will clearly be required. It is recommended that provision in general fund budgets is made at the full amounts at this stage to provide an element of contingency provision in respect of the complex inter-fund issues.

7.3.2 The changes set out above total £1.9m over the planning period.

7.4 Changes and variations agreed by January report

- 7.4.1 It has become apparent through the pre-business plan review process that there are **base budget** anomalies within the Local Democracy and Human Resources business units. Within Local Democracy, there are two additional posts agreed by the Council after the 2003/4 budget was set, together with various other shortfalls against requirements to deliver the expected level of service; the total shortfall is £0.2m. Within Human Resources, a full review of budgets and recharges following centralisation has revealed a shortfall of £0.3m to deliver the current level of service.
- 7.4.2 Current budget plans assume savings from the transfer of **leisure services** to an external provider. Discussion are continuing with the preferred partner and it is hoped that the contract will be awarded in February with a start date of 1 April 2004. Discussions have focused on the current trading position of the facilities and the potential impact on the price to be paid by the Council. In view of this aspect of the discussions, it is recommended that the current contingency in respect of the finalisation of the contract is increased by £0.2m to £0.4m.
- 7.4.3 Members are aware from budget management reports of the serious overspending within **social services**. Savings and investment options were included within the pre-business plans reviews for the relevant business units, but in view of continued concerns regarding the position in the current year, and the views of the Scrutiny Panel, the Executive has commissioned further work on the social services budget. The conclusion of this work is as follows:
- for **children's services**, the priority is to ensure that resources are sufficient to deal with the numbers of looked-after children for whom care must be commissioned. In addition, the improvements made to the assessment and intervention functions must be maintained and current overspending areas resolved. Opportunities to achieve efficiency savings have also been explored. The conclusion of this work is that a net £2.0m should be added to the children's services budget for 2004/5. The key assumption within this analysis is the number of looked-after children. The drivers for this are the numbers of children coming to the attention of social workers and the risk management practices adopted within the department. The increase in numbers now appears to have peaked, and there are no underlying reasons currently identified to expect further significant increase. It is therefore proposed that the budget for 2004/5 is based on the numbers of looked after children as at November, a total of 428. Clearly the Council will need to respond where children are at risk and the financial implications cannot be predicted with certainty. The approach to dealing with this financial risk is explored further in paragraph 15;

- for **adults' and older people's services**, demands on services and the resulting commissioning strategies have been reviewed, together with opportunities for efficiency savings. Key drivers within this revolve around effective working with health (and, in particular, the management of hospital discharges) and the funding of revealed demand for services for the physically disabled. The conclusion of this work is that net savings of £2.0m can be delivered over the three year planning period. An additional factor for these budgets is the loss of resources for the Council following the transfer of free nursing care in April 2003. The health service has now agreed to reimburse the full cost for the current year, but the on-going position remains uncertain. In view of this, it is recommended that the current planned contingency for next year of £0.5m is increased to £0.8m.

The budget proposals for social services are set out in appendix C.

7.4.4 **Homelessness** budgets have been reviewed in the light of the latest demand projections and the subsidy regime provided through the housing benefits system. A significant additional factor for next year is the impact of the amnesty for many asylum-seekers in Haringey which will trigger an increase in the mainstream caseload. Significant progress has been made, however, in the transfer of provision from bed and breakfast accommodation to leased property which secures a higher subsidy rate. As a result, the budget for next year can be reduced by £2.5m.

7.4.5 These changes and variations total £(1.846m) over the planning period.

8 Consultation

8.1 Consultation on the Executive's budget proposals took place as follows:

- consideration of the pre-business plan reviews (PBPR) by the Overview and Scrutiny Committee and the Scrutiny Panels;
- presentation of the Council's plans to the Haringey Strategic Partnership;
- consideration of education budget issues by schools;
- consultation on the proposed rent and service charge changes with Council tenants and leaseholders; and
- a business event with the local business community.

8.2 Scrutiny

8.2.1 The Scrutiny Panels have all met to consider the PBPRs for the relevant services. Overview and Scrutiny Committee has met twice to consider the strategic position and has also considered the PBPRs for the Finance and Chief Executive's services. The conclusions of the process are reported at appendix D.

8.2.2 The Executive has considered the report from Scrutiny in compiling the budget package here presented. Key issues were as follows:

- the budget proposals for social services have been extensively reworked following Scrutiny consideration. The approach to setting the children's budget has, in particular, been modified;
- the housing Panel has recommended that right-to-buy receipts should be reinvested in housing. The Executive will be considering the capital programme in due course;
- the main Committee required a review of the Local Democracy budget resulting in the budget changes set out in this report;
- the main Committee and other Panels urged the Executive to identify savings in the Communications budget. The Executive gave careful consideration to this, but have instead resolved to take urgent action to maximise the benefits of the services provided by the unit;

8.3 Haringey Strategic Partnership

8.3.1 The Haringey Strategic Partnership received a report on the Council's financial strategy on 27 October. The overall approach was endorsed and the partnership was keen to explore further avenues for joint working on financial strategy issues.

8.4 Schools

8.4.1 There were consultation meetings on the PBPR and the Fair Funding consultation in September and October. Further specific meetings were held after the provisional grant settlement was announced. All headteachers were invited to a special meeting on 28 November to discuss the provisional grant settlement position and the new funding mechanisms. Officers also attended separate headteacher forums for primary schools (3 December) and secondary schools (9 December). The grant settlement position, the impact of the budget, and the principles of the Transitional Support Plan were discussed by the Schools Forum on 4 December. The final draft of the plan was then circulated to all members of the Forum and their individual comments incorporated into the final version prior to its submission to the DfES by 31 December.

8.4.2 The Education Management board has considered all this consultation activity in framing its recommendations to the Executive on the education budget.

8.5 Tenants and leaseholders

- 8.5.1 Consultation avenues are the rent and charges consultation with all tenants and leaseholders, the Housing Management Board, and the Area Housing Forums.
- 8.5.2 As at the 23 January 15 responses had been received from tenants and leaseholders. Most respondents commented that the increases were too large for some people living in the west of the borough (where property valuations are higher), and others commented that it was difficult to respond until the impact of the increases upon them as individual tenants and leaseholders was known. Four people expressed the explicit view that the proposed increases were unreasonable and one person indicated that they were firmly in favour of the proposals.
- 8.5.3 Members of the Housing Management Board who considered this issue at their January meeting expressed concern that service charges for tenants were set at a flat rate regardless of property size.

8.6 Business event

- 8.6.1 A 'business event' took place on 12 December. The event considered the 'trade local' project, the benefits of the Better Haringey campaign for local businesses, and the Council's approach to financial strategy. There was strong support for improvements to the environment in which local businesses operate, together with a desire for the Council to be rigorous in identifying efficiency savings.

9 Strategic approach

- 9.1 The Council's budget is set in the context of:
- the Community Strategy which sets out the priorities, including the Council's, for the borough; and
 - the Comprehensive Performance Assessment which identifies the key capacity and performance improvement priorities for the Council.
- 9.2 The process for considering budget options through the PBPR process is designed to locate all options within this strategic agenda. For efficiency savings, those recommended for approval are designed to avoid any deterioration in front-line performance. For investment: the following criteria have been adopted:
- investment to continue and improve the Better Haringey programme. The implications and performance expectations for the programme are set out at appendix G;

- investment to address the issues raised at the Leader's Conference on Access and Neighbourhood Services on 19 November; and
- investment deemed essential to meet capacity and performance priorities.

10 Savings options

- 10.2 Savings totalling £7.941m over the planning period were agreed as part of the 2003/4 process. These savings have been reviewed as part of the PBPR process and have been confirmed (with minor adjustment) as soundly based.
- 10.3 The savings included £3m in respect of efficiencies to be delivered as part of the Council's extensive change programme and investment in new ways of working. The arrangements for the delivery of these savings at officer level have now been established, with the various projects overseen by a Programme Board chaired by the Chief Executive. Initial work has confirmed the feasibility of the approach, but it is recommended that the savings are deferred to the second and third years of the programme (2005/6 and 2006/7) so that robust delivery arrangements are in place. In addition, the PBPR process has identified a number of agreed savings which are, in effect, part of this programme so it is recommended that these are removed from business unit budgets at this stage and dealt with as part of the corporate process.
- 10.4 The PBPR process has identified further savings options which are summarised at appendix E. The appendix also sets out those savings which are recommended by the Executive for agreement, totalling £2.485m. Social services and education issues are dealt with separately in paragraphs 7.4.3 and 12 respectively.

11 Investment options

- 11.1 Investment of £1.608m in 2004/5 is already agreed as part of the 2003/4 budget process; this funding enables the developments started in the current year to continue. An allocation of £4m was also made in principle as an investment fund to enable further priority investment.
- 11.2 The PBPR process has identified investment opportunities in accordance with the Council's strategic agenda. These are set out in appendix F, together with those recommended by the Executive for acceptance totalling £5.875m. The Executive further recommends that this investment is set against the investment fund in the sum of £3m, with £1m retained unallocated for 2005/6. Again, social services and education issues are dealt with separately.

12 Education

12.1 Education FSS is in three parts: the schools block delegated sum, the schools block non-delegated sum and the LEA block. The Secretary of State has the power to require the schools block increase to be passported. The Council's policy is to passport the whole of the increase in education FSS, that is the increase in all three blocks. This policy has been confirmed to the DfES.

12.2 On this basis, the position set out in the education PBPR and the impact of the settlement can be summarised as follows:

£000	Schools block delegated	Schools block LEA	Non schools block	Total
Funding gap PBPR	588	600	0	1,188
Impact of settlement	-2,405	-377	126	-2,656
Revised gap/surplus (-)	-1,817	223	126	-1,468
Less transfer of above base resource to standards fund	1,500	0	0	1,500

It should be noted that the above delegated schools block surplus figure of £1.8m reflects the assumed inclusion in the base of the £1.5m London Challenge grant, which was received in 2003/4. This will, in fact, continue as a Standards Fund grant and, although still available to schools, will be subject to a distribution process outside the Fair Funding formula.

12.3 Paragraph 6.3 explained the use of separate floors and ceilings to calculate the education FSS. These are designed to protect school budgets by virtue of the Secretary of State's power to require passporting. The calculations are as follows:

Schools block	%
(5% per pupil floor, 6.5% ceiling)	
Base increase per pupil	2.8
Damping for floor	2.2
Increased pupil numbers	1.7
Total schools increase	6.7
Non-schools block	
(3% floor, 3.8% ceiling)	
Base increase	4.7
Damping for ceiling	-0.9
Total non-schools increase	3.8
Total education increase	6.4

- 12.4 The 5% floor for the schools block is designed to ensure that there is sufficient headroom to deliver a 4% per pupil minimum increase guarantee at the individual school level. Actual budget increases for schools will depend upon the operation of this guarantee and the impact of actual pupil numbers, which will be derived from the January 2004 count. The Secretary of State has made it clear that he expects the percentage increase in the budget for the non-delegated part of the schools block to be no higher than for delegated budgets. Any application for a higher increase would need to be made by 13 February.
- 12.5 The government is also making available to certain authorities an additional transitional grant for schools with budget difficulties. The notional allocation for Haringey in 2004/5 is £3.274m. To secure this funding the Council has submitted a transitional plan to the DfES setting out the principles and methodology by which funds will be targeted to schools. The application of the proposed criteria will involve the exercise of discretion, as will the allocation of the £1.5m standards fund allocation. It is proposed that such discretion is exercised jointly by the Directors of Education and Finance.
- 12.6 The full position in respect of the education budget is set out in the report to the Education Management Board attached at appendix H. Education Management Board commend the proposals in that report to this body.
- 12.7 There are two significant matters arising which have implications for the remainder of general fund services:
- the one-off nature of the £0.6m addition to education resources in 2003/4 has been confirmed, giving a commensurate benefit to other general fund services in 2004/5;
 - the review of inter-fund issues is likely to result in an increase in charges to education totalling £0.5m over the next two years. Whilst the detail of these changes is still to be finalised, the position is sufficiently developed to include within budget planning at this stage.

13 Housing Revenue Account

- 13.1 The Council operates a five-year financial planning framework, which is supported by a long-term HRA business plan. The strategic issue facing the Council as housing provider is that rent and subsidy levels are controlled by government and the resources made available are insufficient to maintain the stock in good quality and provide the improved levels of service expected by tenants. The problem is compounded by the impact of right to buy sales, which require fixed costs to be spread over a smaller number of properties.

13.2 The Executive on 16 December agreed to consult on an overall rent increase of 3.01% with the continued phased implementation of rent restructuring. The full range of issues for HRA budget setting is set out in appendix I.

14 Council tax

14.1 The planning assumption following the conclusion of the 2003/4 budget process is that the Haringey council tax will increase by 15% next year, followed by increases of 2.5% in each of the two following years. My report to the Executive in October highlighted the view of government that the average rise in 2003/4 at 12.9% was too high and that capping powers would be used if necessary for 2004/5. This view was clearly reiterated by the Minister when announcing the draft settlement and at the time of the announcement of additional resources in the pre-budget review.

14.2 Capping powers are contained in the Local Government Act 1999. This enables the Secretary of State to set principles whereby a budget requirement can be deemed to be excessive. The Secretary of State has powers to determine categories of authorities, which can include single authorities, and must apply the same set of principles to all authorities within a category. The principles must include a comparison of the budget requirement for the year in question with a previous year's budget requirement. The previous year can be any year from 1998/99 onwards. The Secretary of State thus has the power to review budget decisions over a number years. Having deemed a budget requirement to be excessive, the Secretary of State has powers to designate an authority and must then notify the authority of a target amount which would not be excessive. An authority can be required to comply with the target amount in the year in question or in a future year.

14.3 The Executive and Council will need to be mindful of the Secretary of State's views on council tax levels, and the powers at his disposal to cap levels he deems to be excessive, as the budget is finalised.

14.4 The Council meeting on 19 January agreed a taxbase report recommending an increase in the collection rate to 96% (from 95%). This has the impact of increasing the yield from a given level of council tax and benefits the budget strategy by £0.9m in 2004/5.

14.5 Appendix A to this report shows a general fund budget requirement generated by the various factors set out in this report and the Executive's budget package as £327.3m. This budget requirement is final subject to:

- changes in resources arising from the finalisation of the local government settlement;
- the determination of funding requirements by the various precepting and levying authorities.

The council tax for 2004/5 will be set formally on 16 February. Subject to the factors set out above, and the provisional plans for future years, the proposed increases in Haringey's council tax will be as follows:

2004/5	7.5%
2005/6	6%
2006/7	2.5%

- 14.6 Members will note that this approach to council tax strategy produces a balanced budget over the planning period but will require a contribution of £2.9m from balances in 2004/5, which will be partially reimbursed in 2005/6. I will report formally on balances to the tax-setting meeting of the Council and anticipate that this use of balances will have no material impact on my judgement on adequacy.
- 14.7 The Council's current plans assume that any increase in the GLA precept will be passported through to taxpayers. The Mayor is consulting on an increase of 12%, which reflects a significant one-off use of reserves in the Transport for London budget. A GLA precept at this level will give an overall band D increase for 2004/5 of 8.4%. The final decision on the precept is expected later this month. For subsequent years the GLA precept will be highly sensitive to the level of transport resources provided in the Spending Review 2004.

15 Key risk factors

- 15.1 The management of risk is a key part of the budget process. The Council's procedures for risk management have been significantly improved this year by the adoption of a risk management strategy and by the consideration of key risks through the PBPR process. The most significant factors that need to be managed through the financial planning process are as follows:
- the Council has again been scored 4 (out of 4) within the CPA process in respect of **financial reserves**. This financial strength has played a vital part in the ability of the Council to respond vigorously to the strategic and performance agendas whilst managing the financial risks inherent in the operation of a large and complex organisation. The position is, however, threatened by continued budget overspending within the social services department; the latest finance and performance report shows a projected overspend of £5.1m. The most significant factor is the number of children looked after which is increasing. This is a function of revealed demand for services and the operational risk management practices within the department, which are relatively risk-averse. This is a matter for the Council to determine, but the financial consequences of the approach to risk will have to be recognised in budgets and ultimately in the council tax. The effect of actual overspending at the year-end will be a reduction in reserves. I

have previously reported that I have a new statutory duty contained within the Local Government Act 2003 to advise on the sufficiency of projected reserves when the budget is set. I intend to deal with these matters in the report to the Council on 16 February 2004. I will therefore need to form a view at that time and advise the Council accordingly. My current view is that the position can be managed without an increase in the 2004/5 budget requirement. For future years, paragraph 7.4.3 above recommends the basis upon which the social services budget should be set. The risk of the number of looked after children exceeding the budget assumption will need to be managed against the Council's reserves. Again, my current view is that the position can be managed without an increase in the 2004/5 budget requirement;

- the possibility of housing benefit **subsidy clawback** remains a key risk factor for the Council. Claims in respect of two of the four years in question are still outstanding. The worse case outcome has the potential to severely disrupt the financial planning process;
- we are experiencing significant difficulty in finalising **grant claims** in respect of asylum seekers. There are a number of cases included within the 2001/2 claim in respect of which NASS are withholding payment and there are likely to be similar data-matching issues in respect of the 2002/3 claim. I remain satisfied that our grant claims are materially correct and will of course pursue the matter with NASS to protect the Council's position. The sum at risk re 2001/2 is £1m;
- there remains a significant level of uncertainty generally regarding the funding of services to **asylum seekers**. Members will be aware of the proposed amnesty for families currently funded through the specific grant regime. These clients will become 'mainstream' in respect of benefit and service entitlement. The financial impact is difficult to predict with certainty, but it seems clear that this client group is under-enumerated in the data, which drives mainstream funding so increasing the pressure on resources. There is also a risk of overspending against grant thresholds during the transitional period as the semi-fixed costs of the asylum service are reduced. A further risk factor is in respect of unaccompanied minors who will continue to be funded from the specific grant, the rate for which in 2003/4 has only just been announced showing a reduction for certain client groups. This risk is compounded by the 'Hillingdon judgement' which may increase the Council's financial responsibilities to certain clients. Some additional government support will be forthcoming, but the overall impact remains uncertain. The Council's current plans assume that the costs of provision for asylum seekers is fully covered by grant, but a contingency of £1m is in place for 2003/4 and 2004/5 only;

- **homelessness** budgets remain a key risk area for the Council. The net cost of provision is defined by the Council's commissioning strategy and the relationship with government subsidy. The Council has been successful in improving our position recently, but continued variation of the subsidy regime is likely. The impact of former asylum seekers granted amnesty will also need to be carefully monitored;
- the Council has a **supporting people** programme of £23.7m in 2003/4 funded by specific grant. The national total for this grant is above expectations and the government is currently considering whether authorities' plans are within the eligibility criteria. The government is also reviewing how this grant might be allocated in future years. There is no reason to believe that this Council's current arrangements for the use of this grant are not robust, but future years' allocations are at risk from the review of distribution methodology;
- finally, the impact of **function and financing changes** will be significant. Function changes in respect of flood defence and benefit subsidy are assumed to be cost neutral and work is in hand to verify this. There are other significant and complex changes next year in respect of capital financing, the housing benefit system and inter-fund issues. These are being reflected, on a reasonable basis, in our plans but the full impact is not clear at present.

16 Next steps

16.1 The remainder of the budget setting process is as follows:

Date	Body	Purpose
Today	Council	To agree the budget package
16 February	Council	To consider reserves, set the council tax, prudential limits and the capital programme

Appendix A

Gross Budget Trail	2004/05 £'000	2005/06 £'000	2006/07 £'000
Budget brought forward	308,158	327,254	346,421
<u>Changes and variations</u>			
Inflation	4,500	6,000	6,000
Arising from final 2003/04 budget (reserve adjustment)	(70)		
Agreed in previous years budget process	3,996	2,110	2,041
Reported 8 July 2003 (see appendix B)	1,490	(240)	0
Reported 16 December 2003 (see appendix B)	0	950	950
Changes and variations in this report (see appendix B)	(355)	(618)	(718)
<u>Function changes</u>			
Arising from 2004/05 settlement	(306)		
<u>Savings</u>			
2003/04 process	(3,384)	(2,300)	(2,257)
Adjustments and reprofiling of 2003/04 savings	1,347	(664)	(670)
2004/05 process	(804)	(651)	(1,030)
<u>Investments</u>			
2003/04 process	1,608	(40)	(150)
Investment fund	4,000		
Partial use of investment fund	(3,000)		
Reprofile of investment fund	(1,000)	1,000	
2004/05 process	3,602	552	1,721
<u>Education Issues</u>			
Passporting of education FSS	11,277	8,820	7,671
Interfund Rebalancing	(250)	(250)	
Passporting plus for 2003/04 only	(600)		
<u>Balances</u>			
Contribution to / (from) balances	(2,955)	4,498	(1,232)
Council budget requirement	327,254	346,421	358,747
<u>Funding</u>			
Council tax (see below)	83,162	88,152	90,355
Government support	244,092	258,269	268,392
	327,254	346,421	358,747
Resource shortfall/(excess)	0	0	0
<u>Council tax</u>			
Council tax (LBH)	£ 1,020.82	£ 1,082.07	£ 1,109.12
Council tax base (after provision for non-recovery)	81,466	81,466	81,466
Precept	83,162,122	88,151,915	90,355,570
Rate of council tax increase	7.50%	6.00%	2.50%

Resource Shortfall Tracker	2004/05	2005/06	2006/07	Total
	£'000	£'000	£'000	£'000
Position at end of 2003/04 process	(1,261)	1,317	1,235	1,291
<u>Changes and variations</u>				
Replenish balances: children's services	240	(240)		0
Function changes: social services	500			500
Alexandra Palace increased deficit	750			750
	1,490	(240)	0	1,250
Position as at 8 July 2003	229	1,077	1,235	2,541
Impact of original draft settlement	89	(2,541)	(222)	(2,674)
<u>Changes and variations</u>				
Increase in pension contributions		500	500	1,000
Transfer of housing benefits to general fund		450	450	900
	0	950	950	1,900
Position as at 16 December 2003	318	(514)	1,963	1,767
Impact of additional revenue support grant	(1,177)	(564)	(87)	(1,828)
<u>Changes and variations reported now</u>				
Local Democracy	200			200
HR	300			300
Leisure Services	218			218
Homelessness projected saving	(2,500)			(2,500)
Social Services - Children	1,967		(212)	1,755
Social Services - Adults/Older People	(840)	(618)	(506)	(1,964)
Social Services - free nursing care	300	0		300
	(355)	(618)	(718)	(1,691)
<u>Savings</u>				
Adjustments and reprofiling of 2003/04 savings	1,347	(665)	(670)	12
2004/05 process	(804)	(651)	(1,030)	(2,485)
	543	(1,316)	(1,700)	(2,473)
<u>Investments</u>				
Partial use of investment fund	(3,000)			(3,000)
Reprofile of investment fund	(1,000)	1,000		0
2004/05 process	3,602	552	1,721	5,875
	(398)	1,552	1,721	2,875
<u>Education Issues</u>				
Interfund Rebalancing	(250)	(250)		(500)
Passporting plus	(600)			(600)
	(850)	(250)	0	(1,100)
<u>Council Tax</u>				
Revise assumed collection rate to 96% (from 95%)	(928)	(22)	(22)	(972)
Effect of Revised Council Tax Strategy	5,802	(2,766)	75	3,111
Position as at 2 February 2004	2,955	(4,498)	1,232	(311)

Social Services Pre Business Plan Reviews 2004/05

Childrens	2004/05	2005/06	2006/07	Staff affected	Posts affected
	£000's	£000's	£000's		

Efficiencies

End contract provision of Personal Advisors by Connexions, these will be recruited directly by Social Services to hold greater caseload given advisory and non-statutory role in respect of care leavers	258			258	12.0	12.0
Transfer funding of Childrens Assessment Service and Housing Support Team to Supporting People Project	379			379	12.0	12.0
Review operational arrangements for Haslemere Rd Respite Children Home to operate as a North London resource, on a more full-time basis and generating income for Council.				0		
Delete Team Manager post - Disabled Children and Transition & HIV, services will be run by A Senior Team Manager and HIV services transferred to the District teams.	44			44	1.0	1.0
Delete specialist Social Worker post for travelling community, at present this service generates few referrals relating to child protection concerns or concerns suggesting that a child might need to be looked after.	42			42	1.0	1.0
Reduce Child Care Support service to provide for disabled children at market rate - locate contact officers under district management	14			14	0.5	0.5
Delete Supported Lodgings post in Leaving Care and transfer duties to Leaving Care Social Workers	42			42	1.0	1.0
Management & Administrative savings from implementation of Green paper			212	212	7.0	7.0
End of Independent Visitors Contract, due to lack of great success, work will be run by NCH or provided through trained	20			20		
Total	799	0	212	1,011	22.5	22.5

Investments

Section 17 / Looked After Children (LAC) day to day costs - Provision of service by law e.g. contact arrangements	500			500		
Advertising - to recruit to maintain staffing levels	100			100		
Legal - to fund current levels of legal proceedings arising from applications for Care Orders	400			400		
Expand Commissioning budget.	2,167			2,167		
Temporary staff provision in Districts to cover maternity and vacancies to maintain case allocation and performance	220			220		
8 Senior Practitioners - for District offices to manage the front line provision	354			354		
Muswell House running costs to reflect grade increases associated with the change of role in the home.	123			123		
Contribution to Safeguarding Children Project	89			89		
Contribution to Hearthstone	50			50		
Total	4,003	0	0	4,003		

Net shortfall	3,204	0	-212	2,992		
Less: Contributions from grant:						
Funding from Choice Protects	250			250		
Safeguarding Children grant	987			987		
Funding from grants	1,237	0	0	1,237		
Total shortfall/(excess)	1,967	0	-212	1,755		

Social Services Pre Business Plan Reviews 2004/05

Proposed Efficiency Saving	2004/05 £000's	2005/06 £000's	2006/07 £000's	Total	Staff affected	Posts affected
Older Peoples Services						
Day Care Strategy - Reconfigure and improve the profile and role of in-house and commissioned day care and drop-in centres. This reconfiguration must support the development of the Residential Strategy				0		
Charging Policy - Raise cost of delivered meals by 30p in 2004/05 and 10p per year thereafter. And Reduce the Disability related expenditure disregard from 80% to 70%.	164	15	15	194		
Commissioning strategy - Reconfiguration of service provision from residential care to alternative community provision in line with the principles set out in the NHS Plan	423	367	328	1,118		
	587	382	343	1,312	0.0	0.0

Adults

Delete Service Manager and Service Support officer posts from Substance misuse	62			62	0.0	2.0
Delete 4 community support worker posts from Mental Health.	100			100	4.0	4.0
Mental Health						
Reprovide 40 placements from residential care to supported living by 31 March 07	310	255	221	786		
Develop block contracts for Spot placements	70	80		150		
Total Adults	542	335	221	1,098		
Total Adults and OPS Efficiencies	1,129	717	564	2,410		

Summary

Investments - A	1,547	99	58	1,704
Efficiencies - B	1,129	717	564	2,410
Net - permanent funding for permanent growth C =B-A	-418	618	506	706
Balance of grant for community care services D	1,258	0	0	1,258
Contribution to Corporate Savings target	840	618	506	1,964

	2004/05 £000	2005/06 £000	2006/07 £000	Total £000	Staff to be recruited
Proposed investment					
Older Peoples Services					
Mental Health Social Workers to complete Older Peoples joint team. Will meet the requirements of the National Service Framework for Older People in relation to the mental health needs of Older People – a very neglected area.	50	50		100	3.0
Specialist Adult Protection Co-ordinator / Officer. At present, there is no such post, and therefore monitoring of adult abuse is minimal	30	10		40	1.0
Total - OPS	80	60	0	140	4
Adults					
<i>Learning Disabilities</i>					
Commissioning - additional resources required to contain the known growth in service in the next three years.	158	-47	51	162	
<i>Physical Disabilities</i>					
Full year costs of commitments in 2003-04	732			732	
Commissioning - additional resources required to contain the known growth in service in the next three years.	147	-124	7	30	
<i>Mental Health</i>					
Crisis Intervention Scheme. Must be established by 1st April 2004 as the part of the implementation of the NSF for mental health. Currently there is no provision for any social work.	60	60		120	4.0
Joint Adults OPS					
Transport - Provision for increased transport costs identified in 2003/04	200			200	
Health Act Flexibilities - Joint Health/LA post - local authority contribution	20			20	0.5
Fee Increases - provision for above inflation increases that may be required to continue to secure existing service	150	150		300	
Total	1467	39	58	1564	4.5
Total Investments	1,547	99	58	1,704	9

Joint Investments to be funded from Grants					
Care Management posts - continue funding these posts from grants to ensure that delayed transfers are minimised.	320			320	9.0
Funding for delayed discharges - assumed 5460 days pa based on current levels of delays	655.2			655	
Community Equipment to avoid delayed discharges	50			50	
Total	1,025	0	0	1,025	
Grants Available:					
Delayed Discharges	410			410	
Access and Systems Capacity	1873			1,873	
Total Grants available	2283	0		2283	
Balance of grants to fund community services	1,258	0	0	1,258	

INFORMAL BRIEFING FOR THE LEADER,
EXECUTIVE MEETING 06 January 2004

BUDGET SCRUTINY UPDATE

1.0 INTRODUCTION

The Executive considered an informal briefing note on budget scrutiny at their meeting on 25th November 2003. At that time there were still budget areas that had not been scrutinised, the Housing HRA budget and Social Services and Health Children's budget.

The Overview and Scrutiny Committee met on 9th December and ratified all of the resolutions identified in the previous informal report to the Leader. It also expressed its concern that the additional information requested, had not been provided. It resolved that Directors responsible for these areas, be invited to attend the next scrutiny meeting.

The comments that follow are in addition to those already made. (copy attached) and have not yet been agreed by the Overview and Scrutiny Committee.

2. COMMENTS FROM THE HOUSING SCRUTINY PANEL ON THE HRA BUDGET

The Corporate Finance Manager introduced the report and apologised for it being necessary to table it. He explained that this was as the Executive had only just considered the report.

He explained that owing to the pressures outlined in this and previous reports a balanced budget would be very difficult this year. The baseline gap detailed in the report was £592 000 without any of the optional growth items and no funding for the internal decorations programme. There was also the need to improve the management star rating in order to release additional funds from government. This had a cost attached also. The budget had not been finalised at this stage but there were some difficult decisions to be made. Member's views were sought.

The Executive Member for Housing informed the meeting that part of the internal decorations programme had been anticipated to be funded from the Supporting People scheme however the government had rejected this. The Council were appealing but if this failed then an additional £400,000 would need to be found to cover this.

In response to questions from the Panel Members, officers provided the following information:

- That from the tenants point of view, the changes which they will see as a result of rent restructuring would be that a majority of tenants would see their rents rise but many by only 0-3% approximately 15% of tenants rents would fall. There was still some uncertainty with regard to the service charges as the government indications had changed as to how much of the charge Local Authorities could keep.
- That decisions would need to be taken regarding stock options. This was linked to the level of decent homes standard decided on. If the anticipated level was agreed upon this would leave the borough with a \$175m investment gap between now and 2010 to achieve the governments decent homes target. This investment would only be achievable through some mix of stock transfer to RSLs or to an ALMO which would release government investment. The Stock options appraisal group which has been established would be taking evidence and recommending a level for the decent homes standard which would then impact on the options. It was noted that the panel would be looking at the stock options issue in detail in the future.

- That the numbers of properties being lost through Right to Buy was thought to have reached a plateau. Members were reminded that only 25% of the receipts were useable as the government insisted that 75% was spent on debt reduction. It was noted that currently this money was not used for housing related costs.
- That the 10% increase in costs for repairs and maintenance was due to a number of factors. Firstly inflation in the building industry was running at around 5% which increased the cost of materials and works. Also there had been a 50% increase in the extensive work voids being undertaken as a result of decent homes standard and the Choose Haringey initiatives. Thirdly there had been a rise in the volume of repairs undertaken by around 6%.
- Officers were not in a position to provide further information relating to the rises in the special services charges but would prepare a detailed response explaining the 15% rise for this item which would be circulated to all Members.

Members expressed further concern over the issue of Right to Buy receipts. It was argued that that the cost reductions stemming from having fewer properties to manage were outweighed by the loss incurred through RTB.

Following further questioning, the Executive Member agreed that there was an argument for both increasing the capital receipts contribution to housing generally but also to increasing the inter-fund balances.

RESOLVED

The panel recommend to the Executive that when setting the budget the underlying principle be that the usable capital receipts raised by RTB should be re-invested in Housing.

3. COMMENTS OF THE SOCIAL SERVICES AND HEALTH SCRUTINY PANEL

The panel considered each Social Services Division in turn. Officers were asked to present the context and strategy for the budget for each department before the detailed budget proposals were considered. Members then considered each item of proposed investment growth and each proposed saving to evaluate the relative merits of each against the performance implications of implementing the proposal.

Members noted that the proposals should reflect the Community Strategy, the Manifesto commitments of the Executive, improving performance and strategic capacity building.

Older People

Members considered the investment and savings proposals for Older People outlined in the Pre-Business Plan. It was noted that the budget for the proposed investment *Free Nursing Care contingency* is likely to be transferred from the local authority to the Haringey Teaching Primary Care Trust, which would in effect remove this growth item from the budget proposals. Savings resulting from this would be transferred into the Council's base budget in the future.

Members raised concerns about proposal 1a (p. 241 PBPR), "Care Management posts whose funding has been terminated need to be sustained.....".

Members agreed all proposed efficiency savings for Older People, in consideration of the need to identify budget savings and to prioritise resources. Members raised concerns about proposal 1a (p. 241 PBPR). It was thought that there may be grants available for projects such as this and that

this should be explored before agreeing the investment. All other proposed investments for Older People were agreed.

OLDER PEOPLE RECOMMENDATIONS;

RECOMMENDED; That alternative funding mechanisms, such as grants, for proposal 1a (p. 241 PBPR), be explored before agreeing the investment.

RECOMMENDED; That all proposed efficiency savings for Older People be commended to the Executive, subject to the recommendation above.

Asylum Service

Members considered the proposals for the Asylum Service. The costs of service provision are reclaimed from central Government and this service therefore has a zero net budget.

Adult Social Services

Members considered the investment and savings proposals for Adult Social Services. This included efficiency savings proposals outlined in an addendum to the PBPR.

The panel did not support the following savings:

Closure of Community Support Services in LD Services
Delete Project Budget (for LD Services)
Closure of Winkfield Centre
Closure of Clarendon Centre

The panel considered the proposal to *Delete Budget for Alcohol Projects (£35,000)*. It was noted that these services would still continue to exist in another form were this savings proposal agreed.

All other Adult Social Services savings proposals were approved.

The panel considered the investment proposals for Adults Social Services outlined on page 276 on the PBPR. They agreed all of these proposals bar none.

ADULT SOCIAL SERVICES RECOMMENDATIONS

RECOMMENDED; That the department report back to the next scheduled meeting of the panel with different options for the proposal to *Delete Budget for Alcohol Projects (£35,000)*

RECOMMENDED; That the following savings are not supported:

Closure of Community Support Services in LD Services
Delete Project Budget (for LD Services)
Closure of Winkfield Centre
Closure of Clarendon Centre

and that all other Adult Social Services savings proposals are commended to the Executive.

RECOMMENDED; That all the investment proposals for Adults Social Services be agreed.

Children's Services

Members considered the investment and savings proposals for Children's Services and noted the changes made to the original proposals published in the pre-business plan. The Executive Member explained that it had been proposed, in addition to the original proposals outlined in the

pre-business plan report, to allow a further increase investment in Children's Services, to be approved by the Executive in January. The proposed extra investment will help to address the forecasted investment gap for this service.

It was explained that a central issue in evaluating the required level of investment is the forecasted number of looked after children in care, but that this estimate is still being considered and that the department is as yet unable to furnish the panel with a final estimate. It was noted that this will impact on the budget proposals being considered by the panel, but also that Dir-SS is satisfied that the budget proposals so far outlined will meet all of the statutory needs of the service and will not effect children's safety.

The panel considered the proposal "End the contract with Connexions re provision of Personal Advisors....", but felt that this proposal as it stands could leave this service vulnerable.

The panel considered the proposal "End Independent Visitors Contract". It was felt that further information should be considered by the Executive before a final decision is made on this proposal.

The panel considered the investment proposal "2. Expand budget for commissioning of LAC placements by £2m....". It was explained that the planning for this proposal has yet to be carried out. The panel felt that they could not endorse the figure, but approved the envisaged increased investments.

The panel considered the investment proposal "3. Temporary Staff provision for Districts...." and agreed to increasing the investment figure.

The panel noted that the proposal "4. Funding for 10 Senior Practitioners..." was now being proposed as 8 posts at a cost of £354 and that proposal 5 had been removed.

CHILDRENS SERVICES RECOMMENDATIONS

RECOMMENDED; That the termination of the Connexions contract for Personal Advisors, as outlined in the budget proposals, should be postponed until July 2004.

RECOMMENDED; That the proposal for increased investment "2. Expand budget for commissioning of LAC placements by £2m....". be approved, but that the final investment figure be reviewed in the light of forthcoming service planning carried out in 2004.

RECOMMENDED; That all other budget savings proposals are agreed.

RECOMMENDED; That the investment proposal "3. Temporary Staff provision for Districts...." be increased from £100k to £220k.

INFORMAL BRIEFING FOR THE LEADER,
EXECUTIVE MEETING 28 November 2003.

BUDGET SCRUTINY

1. INTRODUCTION

1.1 The budget scrutiny process began in June 2003 when the Director of Finance presented his report, on Financial Strategy for the period 2004/5 to 2006/7, to the Overview and Scrutiny Committee (OSC). It was agreed that the scrutiny of budget proposals would again follow practice developed and determined by members/officers in previous years. It was not to be a zero based budget scrutiny.

2. PROCESS FOLLOWED

2.1 When Pre Business Plan Reports were agreed in October, a proposed Budget Scrutiny Schedule was designed and was widely reported. The approach adopted was for OSC to first consider an overview of the budget and to perform a detailed scrutiny of non aligned and cross cutting budget proposals, (this gave Scrutiny Panel Chairs experience of how budget scrutiny should be approached within their respective panels and portfolio areas). Each Scrutiny Panel then considered in detail the departmentally aligned budgets. As a conclusion to the process the OSC will co-ordinate all Scrutiny Panel comments and take a macro, overview of all proposals and finalise its comments for presentation to the Executive.

2.2 The timescale from release of the Pre Business Plan Reports to the reporting of comments to the Executive was a challenging one and has necessitated additional Scrutiny Panel meetings in November.

3. COMMENT FROM THE OVERVIEW AND SCRUTINY COMMITTEE

3.1 The OSC received the joint report of the Chief Executive and Director of Finance which updated information on the financial planning process and included the detail of the pre business plan reviews for the Finance Service, Organisational Development, Communications, Legal, Central IT and Customer Services.

3.2 OSC noted the agreed Council four year strategy covering the period to 2006/07 and the approach endorsed by the Executive in July 2003. The pre-business planning review process included the identification of savings to bring the total offered by each business unit to 12% of the initial base budget for the four year period. All the reviews before the committee had been prepared in conjunction with Executive Members.

3.3 The main areas where savings could be found were via the Implementing E-Government Strategy (IEG), the business process review, the enhancement of SAP processes and the exploitation of the accommodation strategy for back office staff.

3.4 In response to a question from Councillor Aitken on the Social Services overspend, the Director of Finance advised that there had been much higher levels of looked after children than anticipated and that savings on "care settings" had not proved possible. A judgement would need to be taken regarding the effect on balances. A number of measures would need to be taken to balance the books over the next three years. It was acknowledged that there would be a requirement for increased resources for children's services in the next year.

Customer Services

3.5 Noted that investment required to cater for increased demand for the service and to enhance performance.

IT Services

3.6 Noted significant investment required to implement IEG.

3.7 Councillor Lister requested that further information be provided on the proposals for investment and on the levels of investment already expended on the service. The Assistant Chief Executive (Access) advised that the IS/IT Strategy had been approved by the Executive in July 2003 and that the proposals were in line with the customer service focus. A further request was made in relation to information on levels of expenditure on IT consultants. This was to be brought back to the meeting on 9th December.

Legal Services

3.8 Noted the proposals and that the Legal Service recharged much of its costs to the services.

Organisation Development & Learning

3.9 Noted the proposals for investment, no savings required from this area.

Equalities

3.10 OSC noted the proposals for investment and the proposed efficiency savings identified. The Head of Equalities commented on the success of/demand for, the Hearthstone Project and the consequent extension of the service and requirement for additional funds. OSC noted that ultimately the service was to be relocated into the Housing Service with the Equalities Unit focussing on the policy issues surrounding domestic violence. The service were exploring partnership working with Victim Support so that clients of Hearthstone could access their counselling services.

Local Democracy

3.11 Noted the proposals for investment and the proposed efficiency savings identified. Members expressed their dissatisfaction with the proposed revisions to service provision and asserted that cuts of the level suggested should not be made. Members suggested that they would prefer to see greater cuts in other areas as Local Democracy was a vital service to them.

3.12 The initial review of the service had been further reviewed by senior management and amended to result in a requirement for one additional post and additional funding of £50,000 rather than the two posts and £100,000 suggested.

3.13 Some concerns were raised over the proposed role of the caseworker and whether the support would be for all Councillors, clarification was requested to be brought back on 9th December.

Personnel Services

3.14 Noted the proposals for investment and the proposed efficiency savings identified. In relation to the proposed savings clarification was requested on the expected impact of the review of the consultation arrangements with Unions.

Communications

3.15 Noted the proposals for investment and the proposed efficiency savings identified.

3.16 Members were not satisfied with the level of savings identified given the size of the communications budget and the level of savings generated by smaller business units. Members wished to see the submission revisited with a view to bringing further a greater level of savings. It was suggested that the Best Value Review of Communications be revisited in order to benchmark the service against other authorities.

Benefits & Local Taxation

3.17 Noted the proposals for investment and the proposed efficiency savings identified.

3.18 Members noted the marked improvement in performance and the emphasis on further improving performance through better customer focus, enhanced software and training.

Corporate Finance

3.19 Noted the proposed efficiency savings identified and that there were no proposals for investment in 2004/05.

3.20 Members noted the savings which would accrue through the rescheduling of debt.

Corporate Procurement

3.21 Noted the proposals for investment and the proposed efficiency savings identified.

3.22 Members noted the savings which would be generated by initiatives designed to maximise the benefits available through the Council's buying power. It was noted that the Fair Trade Initiative had been omitted and this would be rectified.

Property Services and Facilities Management

3.23 Noted the proposals for investment and the proposed efficiency savings identified. Members noted the revised accommodation strategy and the recent acquisition of Riverpark House.

RESOLVED:

- That in relation to IT further information be provided on the proposals for investment and on the levels of investment already expended on the service. The response to also include information on levels of expenditure on IT consultants.
- That the proposed savings identified by Local Democracy be re-examined with a view to reducing their level and that clarification on the role of the proposed caseworker be provided.
- That the expected impact of the review of the consultation arrangements with Unions be clarified by Personnel.
- That the submission of the Communications Unit be revisited with a view to bringing further a greater level of savings with a further examination of the Best Value Review of Communications to be carried out in order to benchmark the service against other authorities.

4. COMMENT FROM THE LIFELONG LEARNING SCRUTINY PANEL

4.1 Concern was expressed at the proposed reduction of £301,000 in the Children's Fund budget grant for 2004/5. This would impact on a range of activities such as breakfast clubs and language-literacy programmes that were aimed at some of the Boroughs' most vulnerable groups.

4.2 The Deputy Director of Education (Resources and Community) stated that the LEA was working with the Steering Group to see if some of the activities could be supported by other funding and, if so, what could be kept.

4.3 The Panel noted that the DfES announced potential transitional grant could be provided for schools who were having budgetary difficulties providing that they had a plan to rectify the situation within 2 years. Schools were able to access various sources of grant funding. However, they were not always clear on what was available. They might also benefit from guidance from the LEA on how to bid in the most effective way. The Assistant Director of Education reported that a specific post had been created within the LEA to progress community and regeneration activities and would be working with schools on this. This role would be developed within the next 6 months.

4.4 In respect of libraries, the Panel noted that the Audit Commission had judged Haringey libraries to be a "two star" service. This represented a substantial improvement. It was proposed that there be no cuts in the budget in order that the progress made could be consolidated. The two key tasks that needed to be addressed were the establishment of a permanent management team and the development of a clear long-term strategy. Any proposals affecting individual libraries within the long strategy would be subject to consultation once they had been fully developed.

4.5 The long-term strategy would need to take account of the capital requirements of the service although there was little mainstream funding available. Alternative funding sources would have to be examined. Libraries had been included in the BSF bid and consideration was being given to closer working arrangements with other services.

4.6 The Panel thought that savings could be made in heating costs with the fitting of thermostats on radiators.

RESOLVED:

- That a clear assessment be made of the possible impact of the reduction of £301,000 in the Children's Fund budget for 2004/5 and, if necessary, appropriate amendments made to budgetary proposals to mitigate its effects.
- That concern be expressed concerning the lack of available capital for the long-term accommodation requirements of libraries.

5. COMMENT FROM THE CRIME AND COMMUNITY SAFETY SCRUTINY PANEL

5.1 The Panel noted that there were no proposed savings to be made in the Safer Communities budget. There was the potential for loss of grant funding after 2006 although it would appear likely that crime would continue to be a government priority and therefore funds would remain available. In the event of this not happening, it was possible that some of the effects could be mitigated by mainstreaming areas of service that were currently grant funded. The situation was not unlike that in many other Boroughs.

5.2 In reference to the Youth Offending Service, the Panel noted that a large percentage of the funding for the service came from short-term grants. The service was therefore required to continually bid for funds. The only way that it could make savings was by cutting posts.

5.3 All of the efficiency savings that the service had proposed therefore involved the cutting of posts and this would impact significantly on service delivery. There were already 4 posts that had been frozen in order to avoid an overspend in this years budget.

5.4 There were several contributory factors to this:

- The high percentage of staff in the Council's pension scheme
- The lack of a cost of living increase in grant funding
- The high level of experienced staff, resulting in many being near the top of their pay scale
- The fact that adequate contributions to the costs of the service were not provided by all agencies

5.5 There had been a worrying rise in crime committed by young asylum seekers such as "faginism" where organised groups were committing petty offences. Significant numbers of these young people came from Haringey. This was causing a large increase in interpretation and translation costs. Successful initiatives and the increased use of custodial sentences by the Courts meant that there were also more young people to deal with as a whole.

5.6 The Panel expressed their deep concern at the possible implications of the proposed reductions in funding for the Youth Offending Service and felt that they represented a backward step for the Borough in addressing crime.

RESOLVED:

- That the Panel expresses its regret at the proposed efficiency savings for the Youth Offending Service and notes, in particular, the equalities implications that these may have as outlined in the report.

6. COMMENTS FROM THE HOUSING SCRUTINY PANEL

6.1 The panel noted the pre-business plan review documents and noted that much of the detail concerning the HRA was unavailable due to the determination of government grants not being received yet. They noted that the true position of the budget would become clearer in December and that they would consider this at the next panel meeting on 17th December.

6.2 It was agreed that a separate reference to the Executive would be prepared following this meeting raising any specific concerns expressed at that meeting.

6.3 Concern was expressed over the potential loss of income from government grants and how this would be accounted for.

6.4 The following specific concerns over the priorities and the PBPR documentation were raised:

- That communal repairs should be mentioned under the Home and Building services review (Table 4).

- That tenants and leaseholders should not be charged twice for environmental services which are covered by a borough wide initiatives. For example housing services have a dedicated graffiti removal team funded from the HRA where the Better Haringey campaign should cover the entire borough as it is funded from Council Tax.
- Window cleaning in communal areas was not included in the budget proposals.
- The investment proposal of £500,000 for the Strategy and Needs team to enable them to deliver the proposed savings of £1.5m was endorsed.

RESOLVED

- Overall the proposals and priorities set out in the PBPR documents and the report were endorsed subject to the concerns raised above and the final budget position which would be considered following the determination of the government grants.

7. COMMENTS FROM THE ENVIRONMENTAL SERVICES SCRUTINY PANEL

RECREATION:

Sports & Leisure

7.1 Members sought clarification on the deficit highlighted in the Sports & Leisure Service. It was noted that the sports and leisure transfer target date of 1 November had not been achieved. This had resulted in an increase of the shortfall by £100k to £450k. The delay of the transfer was due to protracted negotiations. The net overall overspend in the service included the sports and leisure transfer.

Aboricultural Service

7.2 With regards to concerns raised in relation to staffing in the Aboricultural Service, it was noted that there was no planned staff reduction in fact active recruitment was underway.

Reduced Parks Establishments:

7.3 With reference to the proposed reduction in parks establishments (3 posts), Members queried the impact on performance. It was noted that the reduction related to one post in three neighbourhoods. The impact could (for example) affect schools or housing which have alternative grounds maintenance contracts.

Investment proposals

Improving Recreation's physical infrastructure

Open Space Quality

7.4 With reference to the £200k proposed investment in raising standards in Parks through ongoing First Impressions Improvement Programme (paths, fencing, signage, furniture), Members asked whether this included staffing capacity to support the Programme. It was noted that plans had not yet been devised to determine which areas would be included in the programme. Local residents would be involved in the consultation process. Members were assured that capacity existed within the service to deliver the Programme and staff would be recruited to support this initiative.

Improving Young People/Youth Provision

7.5 Members welcomed the proposals to increased provision for youth activities to include the development of skateboarding facilities at more than one site. It was suggested that the Markfield site could be utilised as part of the programme. The Department would apply for GLA Open Space bid to support the programme.

STREETSCENE

Investment Proposals

7.6 In response to a query on the street lighting investment programme, the Executive Member for the Environment responded that all street lights across the borough would be improved with a robust design which would reduce light pollution, the specification of which was considered by the Council Executive.

Local traffic schemes

7.7 In response to members query on the identification of local traffic schemes to be included in the programme (particularly traffic calming initiatives in the Bruce Grove area), the Executive Member responded that, whilst Transport for London worked on the principle of the number of road accidents to justify safety improvements, the Council had established and budgeted for a programme of traffic calming measures in the borough. Bruce Grove did not meet TfL's criteria (in terms of fatal accidents) but could be included in the Council's plans to address the traffic issues raised by Members and local residents. Priority sites would be agreed by Members who had been invited to take part in setting the criteria for prioritisation.

Public Conveniences

7.8 The Department was considering a strategy for identifying which public conveniences should be improved or converted for other use. It was important that future Planning Applications for developments included provisions for the upkeep of public conveniences.

ENFORCEMENT

Licensing

7.9 The Report highlighted the impact in the current year of the changes to licensing regulations. It was noted that the impact in the current year was estimated at £160k. Further shortfalls were also predicted in future years to 2005/2006. In response to a query on the impact on staffing establishments in the service, it was noted that additional staff would be recruited especially to cover the initial stages, however it should be noted that there was a London-wide problem with recruitment of licensing staff.

RESOLVED:

- In view of the fact that the Council formally adopted the Environment as its number one priority in 2002, the Panel agreed the pre business plan and welcomed and investment proposals outlined in the report.

8. COMMENTS FROM SOCIAL SERVICE AND HEALTH PANEL

8.1 The panel noted the pre-business plan review (PBPR) documents, which outline the performance strategy and budget proposals for 2004/5. They noted that a further special budget meeting had been agreed by the Chair to consider the commissioning aspects of the social services budget on 8th December 2003.

8.2 The focus of this meeting was the pre-business plan proposals 2004/5, the social services out-turn spend for 2002/3 was considered at a previous meeting. The panel noted that the proposals should reflect the Community Strategy, the Manifesto commitments of the Executive, improving performance and strategic capacity building.

8.3 The panel considered the investment and savings proposals for Older People outlined in the Pre-Business Plan. It was noted that the budget for the proposed investment *Free Nursing Care contingency* is likely to be transferred from the local authority to the Haringey Teaching Primary Care Trust, which would in effect remove this growth item from the budget proposals. Savings resulting from this would be transferred into the Council's base budget in the future. This is to be confirmed.

8.4 The panel supported all proposed efficiency savings for Older People, in consideration of the need to identify budget savings and to prioritise resources.

8.5 The Panel raised concerns about proposal to fund Care Manger posts, (1a p. 241 PBPR). It was thought that there may be grants available for projects such as this and that this should be explored before agreeing the investment. All other proposed investments for Older People were supported.

8.6 The panel considered the proposals for the Asylum Service. The costs of service provision are reclaimed from central Government and this service therefore has a zero net budget.

8.7 The panel considered the investment and savings proposals for Adult Social Services. This included efficiency savings proposals outlined in an addendum to the PBPR.

8.8 The panel did not support the following savings:

- ***Closure of Community Support Services in LD Services***
- ***Delete Project Budget (for LD Services)***
- ***Closure of Winkfield Centre***
- ***Closure of Clarendon Centre***

8.9 The department was asked to come back to the next meeting on 8th December with different options for the proposal to *Delete Budget for Alcohol Projects* (£35,000), as it was noted that these services would still continue to exist in another form were this savings proposal supported.

8.10 All other Adult Social Services savings proposals were noted.

8.11 The panel considered the investment proposals for Adults Social Services (outlined in the PBPR). The panel endorsed all of these proposals bar none.

8.12 The panel considered the investment and savings proposals for Children's Services. The department was requested to supply more detail on these proposals on the 8th December meeting.

9. COMMENTS FROM REGENERATION & PARTNERSHIPS PANEL

The following specific concerns over the priorities and the PBPR documentation were raised:

Neighbourhoods

9.1 The Neighbourhood Management's significant reliance on external funding reflected the government's approach to neighbourhood renewal, area based working and local regeneration.

9.2 Creating a more sustainable budget is indicative of the other central service issue. This related to the role of Neighbourhood Management in relation to other central services within the Council.

Investment Proposals

To fund Neighbourhood Management as a core service.

9.3 Core funding for Neighbourhood Management would allow the service to concentrate on the core business and external grants to be focussed on projects. In 2004/05 the particular need was in West Green.

9.4 It was noted that £4.5m bid had been submitted to central government for the Green Lanes area.

9.5 Overall the proposals and priorities set out in the PBPR documents and the report were endorsed subject to the concerns raised above and the final budget position which would be considered following the determination of the government grants.

Strategy

9.6 This service co-ordinated the Council's corporate, economic, regeneration and business strategies in order to maximise the borough's potential in terms of employment and economic growth and obtaining investment into the borough.

9.7 The Government selected Haringey as one of its pilots for City Growth Programme, which was successfully launched and implemented.

Investment Proposals

9.8 A growth investment of £35,000 per annum was needed in order to contribute to the new North London Inward Investment and Business Retention initiative.

9.9 Contribution to new North London Inward Investment & Business Retention Agency

9.10 With reference to the above, £30k cost was noted for the new agency for North London. This would increase jobs for the local Labour force. Staff recruitment would be undertaken by the new agency.

9.11 Clarification was sought on the Housing aspect outlined in the business objectives for the Strategy Service, particularly in the Council's aim to reduce population transience. It was noted that the Council wished to increase understanding of the causes and numbers involved, taking actions to reduce the impact of transience locally by lobbying for change. The Executive Member for Regeneration & Partnerships added that the key issue was about looking at transience in the wider context by improving local services, lobbying central government about the support and policies needed to support community co-hesion.

RESOLVED

- Overall the proposals and priorities set out in the PBPR documents and the report were endorsed subject to the concerns raised above and the final budget position, which would be considered following the determination of the government grants.

Trevor Cripps
Overview and Scrutiny Manager

Revenue Savings Package 2003 - 2007

Summary Position

Category as set out in attached detailed schedule:

	2004/05	2005/06	2006/07	Total
	£'000	£'000	£'000	£'000
- Recommended for acceptance	804	651	1,030	2,485
- Recommended for acceptance, but to be reprofiled to 2007/08	0	0	266	266
- Recommended for rejection	159	154	261	574
- Recommended for acceptance, but dealt with as part of IFRB (with HRA)	20	40	0	60
- Alternate - to be dealt with as part of overall Social Services budget planning	644	615	681	1,940
- Savings proposals relating to HRA to be dealt with separately	500	327	280	1,107
Total	2,127	1,787	2,518	6,432

Directorate	Business Unit	Proposed Efficiency Saving £'000	Impact on Performance	TOTAL			Staff Affected	Posts Affected	Recommendation
				04/05 £'000	05/06 £'000	06/07 £'000			
CES	Communications	Changes to structure and running costs of the unit	0	30	30	0	1 ?	Accept	
CES	Customer Services	Reduction in Staffing following performance improvements	0	0	366	0	11 fte	Reprofile to £100k in 2006/07 and £266k in 2007/08.	
CES	Equalities		16	0	0	16		Accept	
CES	Equalities		0	0	44	44	2	Accept	
CES	IT		75	0	0	75	0	Accept	
CES	IT		-141	-49	173	-18	0	Accept	
CES	IT		66	84	0	150	3	Reject	
CES	Local Democracy		43	0	0	43	0	Reject	
CES	Local Democracy		0	23	0	23	1	Reject	
CES	Local Democracy		0	23	0	23	1	Reject	
CES	Local Democracy		0	0	43	43	1	Reject	
CES	Neighbourhoods		0	25	0	25	1	Accept	
CES	Neighbourhoods		0	0	18	18	1	Reject	
CES	Personnel		50	0	0	50		Accept	
Education	Education		16	15	15	46	0	Accept	
Environment	Streetscene		0	100	100	200	0	Accept	
Environment	Streetscene		120	200	0	320	All service	Accept	
Environment	Streetscene		0	0	280	280	0	Accept	
Environment	Streetscene		0	0	200	200	0	Reject	
Environment	Enforcement		0	36	36	72	2	Accept	
Environment	Planning, Envr'l Policy &		24	24	24	72	2	Accept	
Environment	Recreation		23	0	0	23	0	Accept	

Savings package 2003 - 2007

Directorate	Business Unit	Proposed Efficiency Saving £'000	Impact on Performance	04/05 £'000	05/06 £'000	06/07 £'000	TOTAL	Staff Effected	Posts Effected	Recommendation
Environment	Recreation	Increased Surplus at Enfield Crematorium	Reliant upon sustained improvement programme / proposed capital investment.	15	15	0	30	0	0	Accept
Environment	Recreation	Reduced Parks Establishment	Possible impact on standard / quality of Grounds Maintenance	50	25	0	75	0	3	Reject
Finance	Benefits & L Taxation	Increased summons costs	Nil	10	8	0	26	0	0	Accept
Finance	Benefits & L Taxation	Benefit overpayment improvement	Early detection and investigation of fraud through 'pathfinder' leading to increased subsidy. More robust recovery procedures and performance enhancement by the integration of enforcement action with Local Taxation, leading to increased income. A reduction of local authority error reducing the amount to be repaid.	38	112	125	275	0	0	Accept
Finance	Benefits & L Taxation	Contractor cost reduction	Implementation of e-billing reducing printing and postage costs.	15	60	75	150	0	0	Accept
Finance	Corporate Finance	Debt rescheduling	n/a	500	0	0	500	0	0	Accept
Finance	Corporate Finance	Slippage in parking shop/cashiers merger	n/a	-25	25	0	0	0	0	Accept
Finance	Property & Facilities Mgt	Commercial rental income	Improved performance of commercial portfolio	41	20	20	81	0	0	Accept
Finance	Property & Facilities Mgt	Facilities Management	Efficiency savings following restructuring	20	30	0	50	0	0	Accept
Finance	Property & Facilities Mgt	Cleaning Service	Savings resulting from revised working practices	10	0	0	10	0	0	Accept
Housing	HHBS	Efficiency gains from multi-skilling initiative	NIL - New multi skilling training programme launched at CONEL 8/10/03. As operatives become more proficient at completing multi trade jobs at a single visit it will be possible to reduce the workforce - 7 posts estimated over next 2 years. Part of savings to be used to offset cost of 3 new posts proposed at 10.	20	40	0	60	200	7	Accept - IFRB
Housing	Housing Mgt	Management Savings (RTB/Stock Loss)	None	150	0	0	150	6	Review under way	HRA
Housing	Housing Mgt	Repairs Savings (RTB/Stock Loss)	None	350	327	280	957		Review under way	HRA
Housing	Housing Strategy & Needs	Ring-fenced budget improvements to reach target at minimum.	Service delivery will be unaffected. The gain is from improved utilisation of subsidies in the provision and management of temporary accommodation.	0	0	0	0	0	0	See paragraph [] of report
Social Services	Adults	Reconfigure services for vulnerable adults.	To be determined.	400	400	400	1,200	TBD	TBD	Alternate
Social Services	Older People	Day care strategy	Reconfiguration (in tandem with residential strategy). Alternative funding and labour sources.		200	250	450	0	0	Alternate
Social Services	Older People	Management costs	Review assessment and care management structure.	80			80	0	0	Alternate
Social Services	Older People	Charging	Raise cost of delivered meals by 30p in 2004/05 and 10p per year thereafter.	44	15	15	74			Alternate
Social Services	Older People	Charging	Reduce the Disability related expenditure disregard from 80% to 70%.	120	0	0	120			Alternate
Social Services	YOS	Redundancy of 1 Social Worker	As already mentioned above, any additional savings on Social Work staff further reduction in social work staff will have an adverse affect on service provision. Increased number of unallocated cases; closure of duty service; a reduction in individual client work; delays in court proceedings	0	0	16	16	0.5	1	Alternate
				2,127	1,787	2,518	6,432			

Revenue Investment Package 2003 - 2007

Summary Position

Category as set out in attached detailed schedule:

	2004/05 £'000	2005/06 £'000	2006/07 £'000	Total £'000
- Recommended for acceptance	3,602	552	1,721	5,875
- Recommended for acceptance, but to be funded from NRF	30	-30	0	0
- Recommended for rejection	2,605	119	110	2,834
- Recommended for acceptance, but dealt with as part of base budget issues	99	0	0	99
- Alternate - to be dealt with as part of overall Social Services budget planning	7,222	-31	-74	7,117
- Investment proposals relating to HRA to be dealt with separately	1,200	150	0	1,350
Total	14,758	760	1,757	17,275

Investment package (Revenue)

Directorate	Business Unit	Proposed Investment	Impact on Performance	One off / recurring £'000	Staff to be recruited	04/05 £'000	05/06 £'000	06/07 £'000	Total	Recommendation	Recommend Reason	
CES	Communications	Web assistant to support the web communications team in updating content on the new council website, as the content management system beds down.	Improved updating of information on the council website.	One-off / R (2/3 yrs)	30	1	30			30	Reject.	£100k added to base 2003/04
CES	Customer Services	Staffing for the Call Centre to address increase in complexity of calls and increased demand levels	Reduction in waiting times for callers to target level	R	535	15.4 fte	535			535	Accept.	Access & Neighbourhood priority
CES	Customer Services	Extended WGCSC opening hours (pilot programme from planned opening of WGCSC in Jul 2004 until end of March 2005). Thurs 17.00-20.00; Sats 9.00-12.00	Service extension—these pilots will provide information about whether extended hours create additional demand or merely spread existing demand over a longer period	One-off	18	0	9	9		18	Reject.	Contain.
CES	Customer Services	Video signing facility (pilot)	Improved service accessibility for hearing impaired customers	One-off	25	0	15	(10)		5	Reject.	Contain.
CES	Customer Services	Greater access to interpretation services	Change to limitations on access to interpreters and improvement of service accessibility for people whose first language is not English	R	30	0	15	15		30	Reject.	Contain.
CES	Customer Services	Marketing and education programmes to encourage use of alternative access channels* once developed and offered (* internet access, kiosks, digital TV, mobile telephony, automated telephony transactions) in partnership with the Selby Trust and/or partner organisations	To encourage use of self serve access channels for transacting with the Council, will facilitate service expansion whilst limiting/reducing staff costs over time	R	50	0	50			50	Accept.	Access & Neighbourhood priority
CES	EconReg/Health/Policy	Contribution to new North London Inward Investment and Business Retention Agency	Improve boroughs service to businesses and cross borough politics	R	30	0	30			30	Reject.	Seek alternative resources.
CES	Equalities	To fund Hearsthstone – Domestic Violence Advice and Support Service (5 days a week)	To run Hearsthstone in 2004/5	R	101	1	101			101	Reject.	Seek alternative resources.
CES	Equalities	To provide additional cover for Housing Homelessness staff to work in Hearsthstone (please note that this funding is internal in Housing). Security and compliance	To provide advice workers in Hearsthstone	R	33	0	33			33	Reject.	Double counted, with above
CES	IT		Improvement in investigations in ITS, HR and Audit	One-off	100	0	100	(10)		0	Accept.	Capacity & Performance priority
CES	IT	Base revenue provision for on-going costs of Peoples Network	Revenue provision required. NOF capital revenue - ly	R	350	0	150	200		350	Accept.	Access & Neighbourhood priority

Investment package (Revenue)

Directorate	Business Unit	Proposed Investment	Impact on Performance	One off Cost recurring £'000	Staff to be recruited	04/05 £'000	05/06 £'000	06/07 £'000	Total	Recommendation	Reason
CES	IT	Extension to service periods	Phase I – Additional access/hours to the public leading to Phase II – 24/7	R	500	0	250	250	500	Reject.	Consider incrementally.
CES	Libraries	To develop the model for Access Services	Improved service to the customer through better integration between Access Services	One-off	200	0	100	(100)	0	Accept.	Access & Neighbourhood priority
CES	Libraries	Resource to progress the redevelopment of Wood Green Library encompassing retail processes	Enhanced facility for the public	One-off	300	0	300		300	Reject.	Corporate capacity bid.
CES	Local Democracy	To implement review of service	Will sustain and improve service across the board. The current structure and resource level cannot sustain the current workload. Recruitment and retention is a growing problem. The options are either to increase the resource level and revamp the structure - as per my proposal - or to reduce the service span and level.	R	100	2 new posts + entirely new structure	100		100	Accept - £50k.	Based on most recent restructuring proposals. Capacity & Performance priority.
CES	Local Democracy	Additional 1 Principal Support Officer	To undertake the additional workload arising from implementing the Licensing Act 2003. (This also has staffing implications for Env Services and Legal, reported to CEMB)	R	36.2	TBA	36		36	Base.	
CES	Local Democracy	Establish a budget for the running costs of both Political Offices	Currently there is no budget provision.	R	3.0	None	3		3	Base.	
CES	Local Democracy	Scrutiny expert procurement	There has been a historical allowance of £2k per panel. Current budget is £10.3k representing a shortfall of £3.7k	R	3.7	None	4		4	Base.	
CES	Local Democracy	Running costs for the Executive Management team	Includes budget shortfalls for franking (£2k), publications (£2k) and IT (£3k)	R	7.5	none	7		7	Base.	
CES	Local Democracy	Running costs for the Representative Management team	Includes budget shortfalls for Mayor's car (£1k), Members' stationery (£7k), catering for annual meeting (£1k) and IT (£3k)	R	12.0	none	12		12	Base.	
CES	Local Democracy	Staff training	To address recruitment and retention problems	R	12.0	none	12		12	Base.	
CES	Local Democracy	Members' caseworker - a resolution by Majority Group	To provide non-Exec Members with support to do their casework	R	25.0	1 new post	25		25	Base.	
CES	Neighbourhoods	Wood Green Town Centre	To maintain Wood Green's high profile and sustain improvements/customer care/business confidence	R	50	1	50		50	Reject.	Double counting with subsequent bid.
CES	Neighbourhoods	Neighbourhood Resource Centre, Northumberland Park	There is a gap in the funding to run this centre. The original business plan – linked to the specification – does not match the reality.	R (+ £50k cap)	104	0	105		105	Accept.	Access & Neighbourhood priority

Directorate	Business Unit	Proposed Investment	Impact on Performance	One off/ recurring £'000	Staff to be recruited	04/05 £'000	05/06 £'000	04/07 £'000	Total	Recommendation	Reason
CES	Neighbourhoods	To fund Neighbourhood Management as a core service.	Core funding for Neighbourhood Management will allow the Service to concentrate on the core business and external Grants to be focussed on projects. In 2004/05 the particular need is in West Green. Without funding to fill this gap West Green will not be able to operate effectively as posts will be lost. Community confidence will diminish and the improvements to services will not be sustained. The 'joining up' of services will lose momentum.	R over 3yrs	0	447	197	2,071	2,715	Accept.	Bid is designed to replace Grant fallout. Actual requirement needs to be further reviewed. Access & Neighbourhood priority.
CES	Neighbourhoods	Neighbourhood Management. Additional Neighbourhood mgr; Admin; Additional project officer NRF	To focus effort on Green Lanes to lead on implementing agreed strategy – some additional admin to support this. To join the NRF team to manage the expanded prog	R	3	60	60		120	Reject.	Not current policy.
CES	Neighbourhoods	Tottenham High Road Strategy. Assistant to drive immediate improvements.	A good project officer who can chase up problems and liaise across all services and agencies on a day to day basis will contribute to immediate improvements on the High Road, enabling the Strategic Manager to focus on the longer term strategy implementation.	R	1	32			32	Reject.	Seek alternative resources.
CES	Neighbourhoods	Provision of specific budgets for ward areas - n.b. not included in original PBRP Management	Specific resources available for focus on ward by ward basis through Neighbourhood Management	R		350			350	Accept	Access & Neighbourhood priority
CES	OD&L + BV & Perf Mgt	'Valuing You, Achieving Excellence' – funding for publicity, events and awards include another customer facing One Haringey Event	Address negative culture issues and help reframe staff attitudes and expectations	R	0	50			50	Reject.	£250k added to base 2003/04.
CES	OD&L + BV & Perf Mgt	Leadership programme: funding for additional (second) coaching session and further work with key groups/teams.	Maximise impact of the programme and raise managers confidence to deal with under performance.	One-off	0	50	(50)		0	Reject.	£250k added to base 2003/04.
CES	OD&L + BV & Perf Mgt	Extend Leadership programme to 4th tier managers (approximately 200 staff)	Extending programme will further support and embed principles of good management particularly the understanding good management behaviour.	One-off	0	130		(130)	0	Reject.	£250k added to base 2003/04.
CES	Personnel	Civil contingencies post – to integrate emergency planning with health & safety – improving capacity in both areas.	Improved health & safety capacity, better integration of emergency planning and H&S auditing	R		50			50	Accept.	Capacity & Performance priority

Investment package (Revenue)

Directorate	Business Unit	Proposed Investment	Impact on Performance	One off/ recurring £'000	Cost £'000	Staff to be recruited	04/05 £'000	05/06 £'000	06/07 £'000	Total	Recommendation	Reason
CES	Chief Executive	Corporate capacity - contingency to meet priority corporate capacity improvements - n.b. not included in original PBPR	Specific service improvement projects or support with dealing with major development proposals impacting on service improvement	R	500		500			500	Accept.	Capacity & Performance priority
Environ' ment	Streetscene	Concessionary travel - meeting recommendations of the Scrutiny Panel - IT investment and improved assessment	Reduced levels of fraud	One-off R	50		50			50	Reject.	Superseded by new arrangements.
Environ' ment	Streetscene	Road Safety Policy Officer	To enable delivery of LPSA targets on road safety	3 yrs	50	1	50			50	Reject.	Mainstream or LPSA resource.
Environ' ment	Streetscene	Abandoned vehicles - additional money to enable exercising of DVLA powers	To enable delivery of LPSA targets on abandoned/unlicensed vehicles	R	50	contract	50			50	Reject.	Mainstream or LPSA resource.
Environ' ment	Streetscene	Flooding advice and consultancy	Links to risk management strategy	R	50		50			50	Accept.	Better Haringey priority
Environ' ment	Enforcement	Licensing group in line with reforms. Figure remains provisional but includes additional staff and predicted shortfall in fees. Shortfall for 5/6 estimated at £500k.	Complying with new legislation.	R	305	4	305			305	Not sure.	Government still undertaking that income will cover costs.
Environ' ment	Enforcement	Increase in Health and Safety resourcing to deliver Health and Safety improvement plan and implement Contaminated land strategy.	Responding to Risk Assessment - high risk area.	R	80	2	80			80	Reject.	Contain.
Environ' ment	Planning, Envt'l Policy & Performance (PEPP)	Implementation of People Plan	Training budget and Increasing staffing levels to ensure capacity for training	R	100	1	100			100	Reject.	Corporate resource.
Environ' ment	Planning, Envt'l Policy & Performance (PEPP)	Funding for member Training Plan	Better Support for members and improved decision making	R	25		25			25	Reject.	Corporate resource.
Environ' ment	Planning, Envt'l Policy & Performance (PEPP)	Improving the Directorate wide procurement function.	Contract Review. More outcome / output based contracts - better service delivery and value for money.	R	50	1	50			50	Reject.	Corporate resource.
Environ' ment	Planning, Envt'l Policy & Performance (PEPP)	Improving Quality of Built Environment and sustainability	Better response to new stronger policies - Improved design and environmental sustainability	R	50	1	50			50	Reject.	Contain.
Environ' ment	Planning, Envt'l Policy & Performance (PEPP)	Speed of decision making - additional resources for staffing	Maintaining performance in relation to BVPI's	R	100	3	100			100	Reject.	Contain.
Environ' ment	Planning, Envt'l Policy & Performance (PEPP)	Enhancing Business Support Improving Service Planning and Performance Monitoring	Improved performance information service objectives more user focused	R	50	1	50			50	Reject.	Contain.

Investment package (Revenue)

Directorate	Business Unit	Proposed Investment	Impact on Performance	One off/ recurring £'000	Staff to be recruited	04/05 £'000	05/06 £'000	06/07 £'000	Total	Recommendation	Reason	
Environ' ment	Planning, Env't'l Policy & Performance (PEPP)	Improving Processes, Customer Care & implementing equalities action plan	Improvements to reception services, leaflets translations e.gov etc	R	50	50			50	50	Reject.	Contain.
Environ' ment	Planning, Env't'l Policy & Performance (PEPP)	Improved IT systems expected to be Directorate wide and funded corporately	More efficient service delivery. Innovation in service areas eg. Enforcement	R	50	50			50	50	Reject.	Contain.
Environ' ment	Planning, Env't'l Policy & Performance (PEPP)	Improving project management in the Directorate	Delivering enhanced services on time	R	70	70			70	70	Reject.	Contain.
Environ' ment	Planning, Env't'l Policy & Performance (PEPP)	Better Haringey	Continuing Education and Publicity programme.	R	100	50	50		100	100	Reject.	Redirect investment resource.
Environ' ment	Planning, Env't'l Policy & Performance (PEPP)	Additional funding for growing Key site Programme.	Support for dealing with major development proposals	One-off R	200	200	(100)		100	100	Reject.	Corporate capacity bid.
Environ' ment	Recreation	Increase support to Youth Sports Development programmes and LBH participation in the London Youth Games	Youth provision/inclusion	One-off	30	30	(30)		0	0	NRF	
Environ' ment	Recreation	Develop skateboarding/ wheels facilities at one/more sites	Youth provision/inclusion	One-off R	250	25			25	25	Accept.	Better Haringey priority
Finance	Benefits & L Taxation	Training resource for new starters, I-world training and regulation changes	Improve response to issues and customer satisfaction	One-off	30	30	(30)		0	0	Reject.	Contain.
Finance	Benefits & L Taxation	Customer consultation	Improve response to issues and customer satisfaction	One-off	10	10	(10)		0	0	Reject.	Contain.
Finance	Benefits & L Taxation	Hardware, e.g. scanner, franking machine, flexible working	Improve response to issues and customer satisfaction	One-off & R	85	85			85	85	Reject.	Contain.
Finance	Corporate Procurement	Directorate Procurement Managers (reporting to Corporate Procurement)	Ensure direct management/use of best practice procurement processes, helping to embed and realise the benefits.	R	200	200			200	200	Reject.	Fund internally.
Finance	Corporate Procurement	Contract Management System	Improved ability to monitor and manage contracts, carry out risk management and provide timely and accurate management information	R	150	175	(25)		150	150	Reject.	Contain.
Finance	Corporate Procurement	E-tendering	Improve the efficiency of the tendering process and reduce processing costs. Improve supplier ease of access.	R	25	25			25	25	Reject.	Contain.

Investment package (Revenue)

Directorate	Business Unit	Proposed Investment	Impact on Performance	One off/ recurring £'000	Cost £'000	Staff to be recruited	04/05 £'000	05/06 £'000	06/07 £'000	Total	Recommendation	Reason
Finance	Property & Facilities Mgt	Corporate management of the Council's operational property portfolio resulting in a more professional approach to ongoing maintenance	Overall improvement in portfolio management and better asset management	R	500	1	250	250		500	Accept.	Capacity & Performance priority
Finance	Property & Facilities Mgt	Access/Security Cards for existing Property Services managed buildings	Improved access and security.	One-off R	100	1	100	(50)		50	Reject.	Contain.
Housing	HHBS	Increase access for repairs service delivery by offering Saturday and weekday early evening appointments. (20 operatives @ 15 hours per week, plus on costs)	Revised working patterns. Improved access rate and customer satisfaction. Bid is on the assumption that overall demand will increase to take up additional appointment slots offered.	R	350	0	350			350	HRA	
Housing	HHBS	Increase vehicle provision for operatives to improve standard of fleet and quality of service through better equipment and stock carried.	Increased efficiency improved service image.	R	300	0	150	150		300	HRA	
Housing	Housing Mgt	Dedicated rent recovery team in each area - following assessment of pilot.	Improved income collection performance.	R	50		50			50	HRA	
Housing	Housing Mgt	Increased IT support to develop our response to the e - government agenda and to improve telephone response etc.	Improved customer satisfaction & performance	R	100		100			100	HRA	
Housing	Housing Mgt	Increased service development support to deliver key projects and the delivery of the operational training plan.	Increased management capacity leading to service improvements.	R	150	4	150			150	HRA	
Housing	Housing Mgt	Increased resources for leasehold management, to mitigate against legal future legal challenge.	Improved customer satisfaction & performance	R	200	8	200			200	HRA	
Housing	Housing Mgt	Delivery of tenant support and the consultation strategy in the consideration of the investment options.	Delivery of the fit for purpose Housing Strategy and Business Plan.	One off	100		100			100	HRA	
Housing	Housing Mgt	Increased estate services resource to enable greater work on monitoring / enforcement activity.	Improved customer satisfaction & performance	R	100	4	100			100	HRA	

Investment package (Revenue)

Directorate	Business Unit	Proposed Investment	Impact on Performance	One off/ recurring £'000	Cost Staff to be recruited	04/05 £'000	05/06 £'000	06/07 £'000	Total	Recommendation	Reason
Housing	Housing Strategy & Needs	Revenue: An increased investment in staff is necessary to underpin the ring fenced budget gains already achieved and to support the improvements targeted into next year and beyond. Process improvements, job redesigns and management improvements will reduce the £550k pa to £150k over the 3 years.	Underpins the current performance on PSLs & improves it. Increases income recovery. Reinforces 'Mobility & Key Worker agenda'. Increase mgt capacity & effectiveness	550 2004/5; 400 2005/6; 200k 2006/7	See Workforce Plan	550	(100)	(250)	200	Accept.	Capacity & Performance priority
Social Services	Adults	In 2004/05, 19 school leavers are expected to come into service. School leavers will also affect this figure each year	In order to care manage these additional service users adequately new resources may have to be found on top of improved efficiencies. We will consider the development of further cost effective services for school leavers along the model already used to fund Altair Close.	620		620			620	Alternate.	
Social Services	Adults	Deafblind Service	Improved service outcomes for people	60	2	60			60	Alternate.	
Social Services	Adults	Community Equipment Service	Government targets require increase in the numbers of pieces of equipment provided to people within a reduced time frame of 1 week.	300		300			300	Alternate.	
Social Services	Adults	Crisis Intervention Team	Must be established by 1st April 2004 as the part of the implementation of the NSF for mental health. Currently there is no provision for any social work.	120	4	120			120	Alternate.	
Social Services	Adults	Supporting People Commissioning and Planning Officers. (NB see proposals re Fin&Perf Mgt)	See Section 2 – Key Developments	74	2	74		(74)	0	Alternate.	
Social Services	Childrens	Provide for: section 17/LAC day-to-day costs; advertising budget; legal costs	Provision of services required by law and guidance to looked after children, e.g. contact arrangements; ability to recruit in a planned fashion to maintain staffing levels; ability to fund current levels of legal proceedings arising from applications for Care Orders.	1049	0	1,049			1,049	Alternate.	

Investment package (Revenue)

Directorate	Business Unit	Proposed Investment	Impact on Performance	One off/ recurring £'000	Cost Staff to be recruited	04/05 £'000	05/06 £'000	06/07 £'000	Total	Recommendation
Social Services	Childrens	Expand budget for commissioning of LAC placements by £2 m including investment in one additional Adoption social worker for 2004/05 to process large numbers of family finding cases referred and cost of purchase of adoptive placements from other adoption agencies.	Ability to purchase care as required by looked after children taking into account strategies to reduce expenditure in place. Will also permit further growth in the LAC population as is reasonable to expect given local and national trends in this direction. This will also enable planning for price inflation in respect of external fostering and residential provision, mostly through the rate agreed through the Pan London consortium.	R 2000	1	2,000			2,000	Alternate.
Social Services	Childrens	Temporary Staff provision for Districts to enable allocation of cases whilst maternity leave and vacancies remain in line with normal expected rates.	Cases allocated and performance maintained.	R 100	0	100			100	Alternate.
Social Services	Childrens	Funding for 10 Senior Practitioners. These posts were approved this year and one off funding was provided through Corporate contingencies. Funding for future years must be identified	Provides capacity for district offices to manage the provision of front line services.	R 442	0	442			442	Alternate.
Social Services	Childrens	Pulford Road Running Costs to ensure effective running of refurbished former children's home as a family support resource centre in South Tottenham.		R 33	0	33			33	Alternate.
Social Services	Childrens	Additional Muswell House Running costs to reflect grading increases associated with change of role in the home.		R 123	0	123			123	Alternate.
Social Services	Childrens	Additional capacity costs to enable office moves and management of the proposed move in an efficient manner.		One-off 31	0	31	(31)		0	Alternate.
Social Services	Older People	Care Management posts whose funding has terminated need to be sustained in order to ensure that delayed transfers are minimised. In addition, one extra care manager each in Whittington and North Middlesex Hospitals to improve the discharge process.	The excellent level of delayed transfers will be sustained and work load management in other Assessment and Care Management teams will be stabilised and enabled to deal with increasing demand for care packages. This is critical given the potential impact of Cross Charging from January 2004.	R 400	11	400			400	Alternate.

Investment package (Revenue)

Directorate	Business Unit	Proposed Investment	Impact on Performance	One off/ recurring £'000	Staff to be recruited	04/05 £'000	05/06 £'000	06/07 £'000	Total	Recommendation	Reason
Social Services	Older People	Enhance the commissioning budget as a contingency to recognise the possibility of one of our Acute Trusts failing to work with us co-operatively in relation to cross charging.	Will avert the danger of a substantial bill for delayed discharges. This is impossible to quantify accurately at this stage.	R	0	300			300	Alternate.	
Social Services	Older People	Three mental health social workers to complete the Older Persons' joint team.	Will meet the requirements of the National Service Framework for Older People in relation to the mental health needs of Older People – a very neglected area.	R	3	100			100	Alternate.	
Social Services	Older People	Extra block-purchased step-down placements.	Will ensure that, following discharge from hospital, people have a suitable environment in which to undergo rehabilitative care. This will help to prevent readmission to hospital and admission to long-term residential and nursing care. The possibility of partnership with Bruce Grove Alms Houses will be explored.	R	0	100			100	Alternate.	
Social Services	Older People	Specialist Adult Protection Co-ordinator / Officer.	At present, there is no such post, and therefore monitoring of adult abuse is minimal (e.g. no referrals have been received from the Police in the last year). This could be a multi-disciplinary post.	R	1	40			40	Alternate.	
Social Services	Older People	Move to more efficient use of existing day-centres, including opening weekends and evenings.	This will better meet user need and impact positively on admissions to institutional care.	R	12	530			530	Alternate.	
Social Services	Older People	Free Nursing Care contingency	Will continue to lobby the Strategic Health Authority with PCT support.	R	0	800			800	Alternate.	
Social Services	YOS	Recruit a second Group Worker and develop group worker to avoid need for much of individual work	Certain amount of individual work is unavoidable, but a significantly developed group work programme would reduce staff hours as young offenders seen more through group work. This change in working practice would require initial investment of a second group worker.	One-off (1yr)	1	35	(35)		0	Accept.	Capacity & Performance priority
						14,758	760	1,757	17,275		

BETTER HARINGEY INVESTMENT PACKAGE

1. Purpose & Summary

The purpose of this appendix is to outline the planned application and impact of additional resources on the Environment function in 2004/05 and onwards. Obviously, the application of such resources is subject to Members' (and the Haringey Strategic Partnership) decisions on the budget and this note attempts to identify those services and outcomes that would be delivered additionally should this level of continued growth be agreed, i.e. what the extra money would bring.

The appendix also attempts to give members an idea of the general performance targets the service has set itself for the next financial year and beyond on the basis of growth being agreed.

2. General Background

A cleaner borough is the number one priority for Environmental Services and one of the top priorities for the Council. In order to reflect this, and to ensure improved service delivery was a reality, Members agreed an investment package for Environmental Services last year. In terms of revenue, this investment package totalled some £1.3m in 2003/4 with same amount being planned for financial year 2004/5. These amounts included a significant planned NRF contribution. Additionally in this budget round, Environmental Services have identified a few additional areas in need of revenue investment. These are primarily due to legislative requirements.

The need for additional capital investment has also been identified, particularly in terms of our Street Scene and Green Space infrastructure. Lastly a number of "new" schemes have been put forward for NRF funding. These are closely aligned with the Better Haringey agenda and are designed to enhance and continue the work of the Better Haringey initiative in NRF wards. The new NRF bids also include significant traffic management/road safety proposals, to be undertaken in NRF wards.

3. General Performance

At the beginning of this financial year Environmental Services set itself challenging performance targets to reflect the additional investment. Most of these performance targets will be achieved by the end of this financial year. However, raising performance alone is not sufficient to change public perception of the environment. The Be++er Haringey campaign has combined the elements of information, publicity and education in order to achieve this. It is too early to say whether Better Haringey has had success, however, anecdotal evidence suggests that it has. In the future it will be possible to properly measure the impact of Better Haringey through various surveys.

4. Specific Service Increases & Improved Outcomes

Set out below are the specific service increases and improved outcomes associated with:

- i) the previously agreed investment programme
- ii) the proposed additional revenue investment 2004/5
- iii) the proposed additional capital investment 2004/5 onwards, and
- iv) the proposed new NRF schemes 2004/5.

(i) The previously agreed investment programme

Item	<u>Service Increase</u>	<u>Outcome</u>
Enforcement CCTV on dumping hotspots	There are 60-70 known dumping hotspots in Haringey. These have been mapped. The introduction of CCTV cameras (both obvious & hidden) in these areas will act as both an enforcement and prevention measure.	12 movable cameras and new equipment including new monitors and video recorders. This will enable eradication of a number of known dumping hotspots over the next two years.
Problem sites team	There are a number of "problem sites" in the borough.	The eradication and redesign of 10 major

	<p>These are different from the regular dumping hotspots in that they require action over and above regular enforcement. These sites require some “designing out” which can range from gating them up to changing or bringing some back into use. Some sites may not be owned by the Council and may require purchase to prevent the constant use of revenue in clearing the site.</p>	<p>problem sites by 2005.</p>
Enforcement Reorganisation	<p>A frontline generic enforcement presence covering the whole of the borough integrating the work of the current Neighbourhood Street and other Wardens. This will include both street based and open space based enforcement work. A team of people to deal with difficult and ongoing enforcement cases.</p>	<p>Street Scene indicators in the 2nd Quartile by 2004. Top Quartile by 2005.</p>
Streamline Complaints	<p>Improve customer feedback system by making the system user-friendly to attract user confidence, whilst contributing to service improvement. This will increase public perception of delivery of services.</p>	<p>Use customer feedback to improve service delivery. Achieve 90% response rate within timescale by 2005.</p>
Maximise the Waste Management Contract	<p>Full cleaning service for all headings of Zone 1 roads.</p> <p>70% of all Zone 2 and 3 roads to get extra sweeps plus extra weekend sweep on Zone IX, IY & IZ roads.</p> <p>Improve removal of fly tips.</p> <p>Provide community clear ups for the whole borough with extra clear ups in NRF areas. Piloting community skips.</p> <p>Increase the placement of litterbins in the borough.</p>	<p>Improve public satisfaction across relevant Streetscene user satisfaction performance indicators by 10% by 2004.</p> <p>Ensure that 95% of borough streets are of a high or acceptable standard by 2004.</p> <p>All dumps and fly tips removed within 24 hours.</p> <p>Recycle 10% of the total tonnage of household waste by 2003/04 and 18% by 2005/06. Ensure that 95% of borough streets are of a high or acceptable standard by 2004.</p> <p>Increased bins throughout the NRF areas and placement of bins in other key pressure points.</p>
Strengthen client side on Waste Management Contract	<p>Employ 5 additional staff to establish a strategic waste management unit. This will give capacity to resolve cleansing issues not within the contract, e.g. waste storage. It will also improve client monitoring of the contract and appoint staff to deliver on successful capital bids to improve recycling.</p>	<p>Ensure that 95% of borough streets are of a high or acceptable standard by 2004. Recycle 10% of the total tonnage of household waste by 2003/04 and 18% by 2005/06.</p>
Graffiti/flyposting	<p>Improve removal and prevention function by establishing a specialist team.</p>	<p>Has enabled the extension of removal beyond racist and offensive graffiti and prevention measures.</p>
Abandoned Vehicle Collection	<p>Improve the collection rate for abandoned vehicles and comply with the EU directive on disposal.</p>	<p>Target is to remove 75% of abandoned vehicles within 24 hours of inspection by 2005.</p>
Database of built assets	<p>It will improve the key KPI's and ultimately improve delivery of services to ensure efficient service targeting, which will lead to procurement benefits.</p>	<p>Street Scene indicators in the 2nd Quartile by 2004. Top Quartile by 2005.</p>

UDP – development & process	This plan will deliver the regeneration of the borough for the next 10 years.	Statutory
Parks Infrastructure	To ensure that all open spaces are to acceptable standards, including play equipment.	Improved open space quality / resident perception.
Lines & Signs	A programme to improve both on and off road signage throughout the borough.	Improved civic pride - sense of pride on the part of residents. Improve parking income collection.
Streetlighting (Bids continued over next 3 years)	On-going boroughwide programme to replace and improve streetlighting.	Reduce crime and improved public perceptions of safety. All stock to meet latest BS by 2008. Recommendation in BV review (will be addressed in coming inspection).
Parks First Impressions (Bid continues next year)	Raising standards in Parks through ongoing First Impressions Improvement Programme - paths / fencing/signage furniture.	Improved open space quality / resident perception.
(ii) Proposed Additional Revenue Investment 2004/05		
Flooding Advice and Consultancy	To provide detailed advice and plans in high-risk areas.	Ensure statutory duties are met and that the Council's influence is used effectively.
Licensing	Additional staffing and covering projected shortfall in income due to change in legislation.	Ensure statutory duties are met.
Skateboarding / Wheels facility	Develop proposals for facilitation of one or more sites.	Improved youth provision and inclusion.
(iii) Proposed Additional Capital Investment 2004/5 Onwards		
Planned Road Maintenance	Planned maintenance programme for non-classified roads, pavements and other street infrastructure including lines, signs, trees, etc.	Impact on road and pavement condition performance indicators; reduced insurance claims. Improved road safety and public perception. Recommendation in BV review (will be addressed in coming inspection)
CCTV Control Room	CCTV control room refurbishment (links to procurement proposals)	This funding is needed to improve use of CCTV infrastructure prior to letting of contract.
Recycling	Western Road Recycling Depot relocation.	To ensure continued delivery and improvement of recycling.
(iv) Proposed New NRF Projects 2004/05		
Improving Lordship Recreation Ground	The additional monies sought will contribute to enhancing site security and parks visitors usage of the various improved facilities.	Improve facilities in Lordship Recreation Ground.

Recycling	This specific project outlines the need for additional staff support on fixed term contracts of 2 years to pull all the various strands together and engage with stakeholders, increase participation rates on all schemes.	Recycle 18% of the total tonnage of household waste by 2005/6 plus aim to achieve participation rate to a "minimum floor" of 25% in all wards by the end of 2004/5 and 40% by the end of 2005/6.
Fly Tip Management	The purpose of this project is to remove quickly and effectively any fly tips that occur on unregistered, unadopted or vacant land.	All dumps and fly-tipping removed within 24 hours.
Street Washing	To establish a 'street washing service', particularly in those parts of the borough that are most affected by street grime, litter and debris.	Improve satisfaction across relevant Street Scene User Satisfaction Pis by 10% by end of 2004.
Bruce Grove Traffic Management Scheme	The Council is to investigate and, subject to approval through consultation, implement Traffic Management measures in Bruce Grove.	<ul style="list-style-type: none"> • Institute 20mile per hour zone. • Reduce the overall speed of vehicles in the area • Reduce congestion • Reduce all recorded accidents particularly child pedestrians
Targeted activity for Rodent control	Increased service to compliment the existing pest control service concentrating on rats and pharaoh ants.	Enforcement action and treatment of all known hot spots.
Sign Posting in NRF wards	The problem aims to address the missing elements of directional signage within the 2 areas.	Signage strategy for all NRF wards and implementation of the priority signage within that.
Road Safety and Traffic Management	Road accidents and death statistics in Haringey as elsewhere in the country, show a marked link between casualties and deprivation. This means that the rate of death and casualties are higher in the eastern half of the borough. Past approaches have particularly focused on technical traffic calming solution and road safety education. In addition to this, the project will concentrate on, investigate and pilot more innovative solutions.	<ul style="list-style-type: none"> • Introduce at least three holistic safety solutions in the area • Reduce overall speed of vehicles in the area • Reduce congestion and remove unwanted through traffic • Reduce the accidents especially child pedestrians • Introduce safer routes to school and School Travel Plan.
Skateboard/Wheels Park within NRF Wards	Develop one or more sites for skateboarding and other wheeled activity to address the existing lack of opportunities available to older youth, linked to revenue bid, see above.	<ul style="list-style-type: none"> • Reduction in criminal activity • The creation of safer communities • Increased usage of recreation facilities.
Street Trees in NRF Wards	Further environmental improvements within the NRF areas, users have already identified new locations for tree planting on street parks and smaller open spaces in consultation with the community and residents groups.	500 new trees in NRF area.

5 January 2004

Report title: Education Budget 2004-05
Report of: Director of Education Services
<p>1. Purpose</p> <p>1.1 To comment on the draft Education Budget so that EMB's views can be considered by the Council Executive.</p> <p>1.2 To note the Transitional Support Plan for schools in financial difficulty submitted to the DfES on 31 December 2003.</p>
<p>2. Advice to Education Management Board</p> <p>2.1 To comment of the attached draft Education Budget and commend the budget, with developments discussed at EMB, for consideration by the Council Executive.</p> <p>2.2 To note the Transitional Support Plan submitted to the DfES on 31 December 2003.</p>
Report authorised by: Sharon Shoesmith, Director of Education Services
<p>Contact officers: Rob Graham, Deputy Director of Education, Resources & Community. 020 8489 3637</p> <p>Andrew Waters, Interim Head of Finance and School Support 020 8489 3176</p>
<p>3. Executive summary</p> <p>3.1 At its meeting on 18 November 2003, EMB considered the Pre-Business Plan Review (PBPR) for 2004/05 which set out the estimated effect of a projected grant settlement increase of 4.5%. The settlement figures announced on 19 November gave increases on the revised base Formula Spending Share (FSS) of 6.7% for the schools block but only 3.8% for the non-schools block. This report summarises the settlement, the Council's passporting decision, and the likely impact on school and LEA spending.</p>

- 3.2 The report up-dates the revenue savings and growth options in the original PBPR, proposing changes in order to set a balanced budget.
- 3.3 Haringey is one of 51 LEAs entitled to Transitional Support Grant, a national initiative intended to ensure that no school has a deficit budget at the end of 2005-06. To access the grant the DfES required LEAs to submit a Transitional Grant Plan by 31 December 2003. Haringey's plan, developed in consultation with the Schools Forum, is attached for the Board's information.

Reasons for any change in policy or for new policy development

n/a

4. Access to information: Local Government (Access to Information) Act 1985

Pre-Business Plan Review 2004/05

DfES letters and guidance on use of Transitional Support Grant.

5. Background

5.1 At its meeting on 18 November 2003, EMB considered the Pre Business Plan Review (PBPR) for 2004/05 which set out the estimated effect of a projected grant settlement increase of 4.5% and the other underlying financial risks that a settlement at that level would have for education funding in Haringey. The provisional settlement figures announced on 19 November gave increases on the revised base Formula Spending Share (FSS) of 6.74% for the schools block and 3.76% for the non-schools block. This is a real terms increase for the schools block as known cost pressures for schools are estimated at around 5%. However, there are other significant issues for schools in setting balanced budgets including the use of around £3.2m of balances in 2003/04 for ongoing revenue costs and the cost of implementing the national workforce re-modelling agreement.

5.2. This report sets out:

- a summary of the draft settlement;
- the impact of the formula on national passporting policy and the impact for Haringey;
- budget issues in:

- the Individual Schools Budget (ISB)
- the remainder of the schools block (central spend by the LEA)
- the non-schools block (LEA)
- non-education functions
- capital;
- the results of consultations on the PBPR;
- key risks and uncertainties; and
- the next steps.

6. The settlement for education

6.1 The settlement for education is provided in two main blocks and six sub-blocks. Floors and ceilings are applied to each block separately to dampen the impact of the change to the new funding mechanism. Haringey's allocations and increases for 2004/05 are as follows:

Sub-block	Revised Base ¹ 2003/04 (£'000)	Provisional 2004/05 (£'000)	Change (£'000)	%
Primary Education	49,421	50,550	1,129	2.28%
Secondary Education	37,187	40,166	2,979	8.01%
Under 5's Education	16,583	16,828	245	1.48%
High Cost Pupils	15,149	16,544	1,395	9.21%
Schools block damping	437	2,698	2,261	-
Schools FSS	118,777	126,786	8,009	6.74%
Youth and Community	4,417	4,675	258	5.84%
LEA Central Functions	12,681	13,293	612	4.83%
Non-schools damping	65	-159	-224	-
Non-schools FSS	17,163	17,809	646	3.76%
Total education FSS	135,940	144,595	8,655	6.37%

6.2 The overall increase in Education FSS is 6.37%. The movement within each block and the links to floors and ceilings are shown in the tables below. Damping is likely to operate for only two years after which schools will need to adjust to a lower level of increase:

¹ Original 2003/04 base plus additional grant for pay award and additional budget support grant.

Schools FSS (5.0% floor, 6.5% ceiling)	%
Base SFSS per pupil increase	2.8%
Increase to meet 5% floor	2.2%
Total per pupil increase	5.0%
Increase no. of pupils	1.7%
Total schools FSS increase	6.7%

Non-Schools FSS (3.0% floor, 3.76% ceiling)	%
Base FSS increase	4.7%
Reduction to meet 3.76% ceiling	-0.9%
Total non-schools FSS increase	3.8%

7. **Passporting**

- 7.1 The Secretary of State's expectation (and one of the conditions for LEAs receiving Transitional Support Grant – see para 9) is that councils will passport the whole of the schools FSS to the schools block. Haringey Council's financial planning policy has been to go further and passport the whole of the Education FSS to education. The Executive, at its meeting on 16 December, agreed that the policy of full passporting should continue for 2004/05. This decision is in line with the recommendations of both EMB and the Schools Forum. The Secretary of State was formally notified by the 31 December deadline.
- 7.2 As highlighted last year, the national funding regime separates education funding from actual cash increases for the Council. This year the Council as a whole is at the floor increase (3.7%), whereas education increases will be substantially above both the education floor and the overall floor (i.e. 6.37%). Fully passporting the whole of the FSS, therefore, will use 99.5% of the Council's original grant increase, putting pressure on other services. The Chancellor's subsequent announcement of a further £1.177m for Haringey Council, primarily to assist in reducing council tax increases (taking the Council to a new floor of 4.2%) will reduce this proportion to 87.7%.

8. Budget Issues

- 8.1 The table below sets out the estimated aggregate resource position as set out in the PBPR and the following sections highlight the key budget issues in each of the blocks.

	Schools block ISB (£'000)	Schools block LEA (£'000)	Non – schools block (£'000)	Total (£'000)
Estimated funding gap in PBPR (assumed 4.5% increase in FSS)	588	600	0	1,188
Variance between PBPR estimate and actual FSS increase (+6.7%/3.8%)	-2,405	-377	126	-2,656
Transfer of London Challenge grant to Standards Fund	1,500	0	0	1,500
Estimated funding gap / surplus (-)	-317	223	126	32
Proportion of revised 2003/04 base	-0.3%	1.3%	0.7%	0.02%

Schools Block - ISB

- 8.2 In calculating the increase in FSS, the DfES has made assumptions about pay and price increases, which have been weighted to reflect the national average balance of schools' expenditure on these items.

- Teachers' pay	3.4%
- Support staff pay	4.2%
- Non-pay inflation	2.5%

The increase for teachers' pay takes account of incremental drift, but does not include funding for teachers moving to point 3 on the upper pay spine (see below). The pay award for support staff has not yet been announced, but the amount in the FSS includes an element for increased employers' pension contributions.

- 8.3 Haringey's FSS takes also takes account of an estimated 1.7% increase in pupil numbers. Actual pupil numbers will be known at the end of January after the annual pupil census (PLASC). We believe the estimate is reasonable.
- 8.4 Beyond the cost pressures recognised in the national settlement, there are a number of uncosted local pressures to which schools will be expected to respond within their overall funding increase, e.g.:

- The on-going drive to raise standards. The LEA Ofsted inspection report recognises that pupil performance in Haringey schools has improved faster than the national average, although the LEA remains in the bottom quartile.
- Education-related targets in the Haringey's Community Plan
- The LEA's recently published Inclusion Policy.
- The national workforce remodelling agreement (although the main changes will be in 2005/06).
- A 20% increase in the number of looked after children in the year to November 2003.
- The single status agreement which has the effect of increasing the hourly pay for certain school staff such as caretakers, cleaners and school meal assistants.

- 8.5 There are 372 teachers in Haringey on upper pay spine 2 (UPS2). If all of these progress to UPS3 the cost would be £0.5m. There will be national funding in September 2004, although at this stage this is likely to fund movement for only about 30% of eligible teachers, possibly leaving schools to fund £0.35m of the cost.
- 8.6 There is an underlying problem regarding schools' use of reserves in 2003/04 which we estimate will have fallen from £6.6m to £3.4m. Continued use of reserves to fund revenue expenditure is not sustainable so, even with the minimum funding guarantee and Transitional Support Grant some schools will need to reduce expenditure in order to set a balanced budget.
- 8.7 In 2003-04, seven Haringey secondary schools received London Challenge Grant of between £100,000 and £250,000. In 2004-05, this grant becomes part of the Standards Fund for allocation by the LEA for targeted intervention in schools in difficulty. In determining the new allocations the LEA will take account of previous grant levels, but targeting is likely to produce some redistribution of funding.
- 8.8 The overall level of increase, combined with the national measures to promote stability in schools budgets and the Council's passporting policy, should provide an adequate budget for schools in 2004/05.

Schools Block - LEA

- 8.9 The settlement leaves a funding gap of £223,000 between the actual FSS and the original PBPR requirement. The gap is widened further by a sharp increase in the number of secondary pupils without a school place, including asylum seekers. A phased programme of admissions has been agreed, but there are extra costs in providing tuition in temporary facilities and further new arrivals are possible.

- 8.10 In 2003/04, the Council made a one-off sum of £600,000 available to fund cost pressures on SEN placements above full passporting. In 2004/05, because of the overall financial position of the Council, it is not possible to continue with this. This was included in the original PBPR position for 2004/05.
- 8.11 Increases in centrally-managed budgets within the schools block could be funded at the expense of the ISB, i.e. by reducing the amount available for delegation to schools. This option would have the effect of increasing the centrally-managed element of the school block by a higher percentage than the ISB and so conflict with one of the measures introduced nationally this year to provide stability for school budgets. As such it would require support from the Schools Forum and a formal application for approval of the Secretary of State by 13 February 2004.
- 8.12 Alternatively, the LEA can look to identify further savings to close the gap. Such savings are identified in the schedule at Appendix B. These savings, together with full passporting of the FSS, mean that pressures on centrally-managed budgets within the schools block can be managed without impacting on the ISB.

LEA block

- 8.13 The settlement leaves a funding gap of £126,000 between the actual FSS and the PBPR requirement. The gap is widened further by current proposals to increase Education's contribution to corporate costs:
- £100,000 of corporate recharges resulting from a Council-wide review of fund account re-balancing (this is additional to £100,000 of above inflation increase in recharges already in the PBPR);
 - £100,000 as the directorate's contribution to the Better Haringey initiative;
 - £89,000 as the directorate's contribution to corporate planning for the implementation of the green paper *Every Child Matters* (shared with Social Services).
- 8.14 In addition, there are new cost pressures in the LEA block, including:
- £165,000 for home to school transport, most of it for pupils with special educational needs (SEN). The growth reflects the increase in the number of pupils travelling and the average 24% increase in the cost of contracts following the re-tendering exercise in April 2003. Action will be taken during the year to reduce existing costs; the increase assumes that a £200,000 saving over current actual costs is achieved.
 - £65,000 for additional spinal points awarded to Soulbury staff as part of the national pay award.

8.15 Further savings in the LEA block have been identified to meet these pressures. These are shown in the schedule at Appendix B.

Non Education functions

8.16 EMB will recall that the efficiency savings expectation for the non-education functions of the Education Services Directorate (Play Service & Grants to Voluntary Playgroups) is £116k over three years. This has been built into the Council's financial planning. The need to deliver these savings is being taken into account in the organisational review of pre-school services currently being implemented within the directorate.

Capital

8.17 As previously reported a new regime for capital funding will be in place for 2004/05 and onwards, based on a prudential framework. The DfES has announced formulaic capital allocations for Haringey totalling £15.3m in 2004-05 and £8.0m in 2005-06. In addition, there are Seed Challenge grants of £0.3m and Devolved Formula Capital of £2.3m in 2004-05.

8.18 The Education capital programme is built up from funding from a number of funding sources:

- Supported Capital Expenditure (Revenue) (replacement for previous BCA – basic credit approval)
- Grant
- Targeted Resources
- Capital allocations channelled directly to schools e.g. E-Learning Credits and Devolved Capital
- Externally funded allocations e.g. New Opportunities Fund (NOF), SureStart, Single Regeneration Budget (SRB). These are indicative allowances where schemes have to be worked up through agreed stages and approved by the funding body who then provide permission to access and spend grant.

8.19 The draft programme will be reported to EMB on 20 January 2004.

8.20 As reported to EMB on 30 October 2003, the Council submitted its Building Schools for the Future bid to the DfES by the deadline of 31 October. The DfES is expected to announce the outcome in early February.

8.21 Bids have also been submitted for three schemes from the Targeted Capital Fund. The DfES advises that the outcome will be announced in January 2004:

- Broadwater Farm Primary Learning Campus (LEA proposed)
- St James Expansion (Diocesan proposed)
- St Michael's SEN (Diocesan proposed)

8.22 In relation to the AMP, the Council has successfully completed the "Suitability and Condition 2" downloads to the DfES by the required date. These assessments have now been appraised as satisfactory giving the council full access to over £4m of Modernisation fund allocations to meet locally agreed AMP priorities without further reference to the DfES. The AMP priorities are being used to prepare future capital works programmes.

9. School Funding Issues

9.1 On 29 October 2003, the Secretary of State announced measures to introduce stability into the school funding regime for 2004/05. Regulations have now been issued to give effect to the changes. The key features of the measures are:

- A minimum guarantee which gives schools an increase of at least 4% per pupil and 4% for fixed costs excluding rates and funding for named pupils with SEN.
- A package of transitional support targeted at schools in financial difficulty including, in particular, those with deficit budgets. The package comprises:
 - additional targeted Transitional Support Grant for schools with budget difficulties. Haringey is entitled to £3.274m of grant – see paragraph 9.2, below;
 - an expectation that LEA's will target any 'headroom' between the increase in schools FSS and the cost of implementing the 4% guarantee to schools in difficulty rather than through the normal funding formula;
 - an option, intended mainly for LEAs that do not qualify for Transitional Support Grant, to apply for an advance of future grant. Since any advance will reduce the amount available in 2005/06 it is not seen as particularly advantageous.
- The limitation on increases in centrally-managed budgets in the schools block referred to in paragraph 8.10, above.
- A 4% increase and a minimum guarantee for Standards Fund grant, and a reversal of the decision to end certain grants in 2004-05 and reallocate the money through the FSS.

9.2 In order to access the Transitional Support Grant of £3.274m, the LEA was required to prepare a plan outlining the principles and methodology to target schools in difficulty. The plan, which was drawn up in consultation with the Schools Forum,

was submitted to the DfES by the 31 December deadline. The Secretary of State's decision is expected in mid-January. The plan, attached at Appendix D, shows how the grant will be used to ensure that the 14 schools currently in deficit will set balanced budgets by 2005-06.

9.3 The transitional support plan also shows how the LEA will target the estimated £620,000 of "headroom". The plan proposes to target the headroom to schools in difficulty using the additional educational needs (AEN) factor in Haringey's existing fair funding formula. There is a high correlation between schools in financial difficulty and AEN. The local cost pressures described in paragraph 8.4, above, also bear heavily on schools with high AEN.

9.4 LEA officers outlined the budget issues to a meeting of headteachers on 28 November 2003 and at subsequent meetings of the primary and secondary headteacher forums. The Schools Forum met on 4 December and discussed the budget issues and proposals for the transitional support plan. Work has been undertaken to model the impact of the guarantee based on indicative pupil data for individual schools and the results will be fed back to schools to discuss the principle issues arising.

10. Standards Fund

10.1 Standards Fund allocations were issued to LEAs on 29 October 2003 and work has been done to identify the amounts to be devolved to school. The DfES announced that no cuts were to be made to Standards Fund grants and that a 4% increase would be implemented for most. However, as can be seen below nearly £0.6m of grants originally planned to cease in 2004/05 have still ceased:

Standards Fund	£'000
Total DfES allocation in 2003/04	15,788
Add 4% increase	632
Add London Challenge 2003/04 money	1,500
Estimated DfES allocation 2004/05	17,920
Actual DfES allocation 2004/05	17,457
Difference	-463
<u>Ceasing grants</u>	
Drugs, Alcohol & Tobacco	68
School Achievement Awards	298
Teacher Sabbaticals	216
	582

- 10.2 The above includes the transfer of £1.5m of London Challenge grant in 2003/04 to the Standards Fund. The allocation, now called 'Targeted Improvement Grant' is to fund a range of initiatives to raise levels of attainment and build LEA and school capacity. Examples of initiatives eligible for support are targeted support for the lowest attaining secondary schools and other schools causing concern.

11. School Standards Grant (SSG)

- 11.1 Haringey schools will receive £3,520,200 in 2004/05, a 7.16% increase on the 2003/04 level. Schools with fewer pupils than last year and which would otherwise lose money because they move into a lower band will receive a minimum increase of 4% per pupil.

12. Consultations on the PBPR

- 12.1 The PBPR was presented to the Lifelong Learning Scrutiny Panel on 13 November. The note of the Panel's discussions is attached at Appendix E.
- 12.2 The PBPR was used to debate the budget position at conferences with headteachers and governors, and with the trade unions. It was also considered by the Schools Forum at its meeting on 20 October. The PBPR is now a foundation in the Council's budget planning process and gives schools and other partners a wider perspective on both the budget process and how resources are matched to priorities.
- 12.3 One of the main issues raised at a well attended meeting of headteachers on this subject was the impact of implementing workforce remodelling. Headteachers were concerned that this will mean that the additional costs of employing more support staff without sufficient additional funding would have a detrimental effect on the performance of schools.

13. Key risks and uncertainties

- 13.1 Substantial risks and uncertainties remain at this stage of the budget process:
- the extent to which schools have used balances to offset true ongoing revenue costs (rather than one-off expenditure) varies between schools and therefore the full impact of this will not be known until schools budgets are finalised:
 - the real cost to schools of workforce remodelling and performance pay progression:
 - the budget projections (growth and savings items) in this report are subject to review and a degree of risk – particularly high risk areas will need to be

regularly reviewed and closely monitored. SEN costs are particularly vulnerable to pressure from potentially higher than inflation cost rises and volatile changes in demand:

- approval of the Transitional Grant Plan by the Secretary of State.

14. Next Steps

14.1 The timetable for the rest of the budget setting process is:

Date	By whom	Activity
6 January	EMB	To consider this budget report and make recommendations to the Executive.
6 January	Informal Executive	To consider budget options and propose a budget package
13 January	Leader of the Council	Leader's Conference (Council's budget)
20 January	EMB	Progress report on the revenue budget and to consider the capital budget.
20 January	Formal Executive	To agree an overall budget package for proposal to Council
End January	DfES	Decision on Transitional Grant plan.
2 February	Council	To agree the Council's budget
13 February	Director of Education	Submit (if necessary) application to DfES for higher increased spend on LEA spend in schools block
16 February	Council	To set the Council Tax
22 February	Director of Education	Distribute school budget shares for 2004/05 with two year projections

15. Financial Implications

15.1 The report contains growth and savings options which will have financial implications for the services concerned. However, the overall budget proposed in the report is contained within the passported amount already agreed by the Executive. The Transitional Support Plan, if accepted by the DfES, will provide an additional £3.274m of grant to be targeted to schools in financial difficulty in accordance with the approved plan.

16. Comments of the Director of Finance

16.1 The Director of Finance has been consulted in the preparation of this report and comments are included in the body of the report.

17. Legal Implications

17.1 The Acting Head of Legal Services has been consulted on the content of this report and has no specific comment to make.

18. Equalities Implications

18.1 There are no specific equality implications arising from the recommendations in this report. However, Section 15 of the original PBPR identified a number of potential equalities issues in relation to the reduction in Children's Fund and Play. A number of the growth items and some capital projects directly support the LEA's inclusion strategy.

Appendices

Appendix A - Original PBPR financial schedule.

Appendix B - Schedule of additional budget options.

Appendix C - PBPR financial schedule with additional options.

Appendix D - Transitional Support Grant Plan for schools in financial difficulty.

Appendix E - Note of the Lifelong Learning Scrutiny Panel 13 November 2003 (to follow).

Extract from original PBPR 2004/05

	<i>Schools Block - ISB</i>	<i>Schools Block - LEA</i>	<i>Non Schools Block</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<i>1. Projected Increase in Resources</i>				
Est FSS Increase (4.5%, 5.0%, 4.5%)	4,470	757	772	5,999
Est LSC Inflationary Increase (as above)	241	19		260
Est LSC Increase pupil numbers	293			293
Est Standards Fund inflation increase 2.5% (included in section 3 below)				
Removal of Haringey funding for additional SEN residential placements - approved in 2003/04 and to be reviewed for 2004/05		-600		-600
Total Estimated Change in Resources	5,004	176	772	5,953
<i>Estimated Changes in Costs</i>				
<i>2. Education Policy Development - EDP / SMP related</i>				
Extended Schools			75	75
Networked Learning Communities - Links to Libraries			90	90
Key Stage 2 - School Improvement			65	65
Admissions post to secure co-ordination		35		35
Development of Resource Bases				
- Secondary - Autism/Aspergers*				0
- Primary - Autism (West)*				0
- Enhanced Secondary provision for children with complex needs*		60		60
- Development of Visual Impairment Service*		90		90
- Primary - EBD*		200		200
- Savings - reduction in out of borough places		-50		-50
Medical Needs - Advice/Accessibility			50	50
Key Stage 4 Science Consultant			59	59
Governor Unit			35	35
Broadwater Farm Nursery provision for net revenue costs				0
	0	335	374	709
(*note - these will be funded from the ISB when set up)				
<i>3. Inflation and related changes</i>				
Pay inflation -schools block 3.5%	3,596	342	0	3,938
Pay inflation - non schools 3.5%	0	0	595	595
Other Inflation 2.5%	791	585	415	1,791

	Schools Block - ISB	Schools Block - LEA	Non Schools Block	Total
	£'000	£'000	£'000	£'000
Superannuation increase (apt&c 0.7% / 0.5%)	180	34	102	316
Increase in overhead charges 3.5%	0	35	70	105
Above inflation increase in corporate overhead charges		50	50	100
Income 2.5% (including standards fund inflation at 2.5%)	-438	-504	-512	-1,454
	4,129	542	720	5,391
4. Demographic Changes				
Pupil Number Changes (4-15)	935			935
Pupil Number Changes (16-18)	293			293
Placements increase in numbers		100		100
	1,228	100	0	1,328
5. Central Government Grant and Other Funding changes				
Beacon Schools Standards Fund	-198			-198
Recruitment & Retention - loss of TTA grant				0
Recruitment Strategy - potential loss NRF				0
Looked after Children - Quality Protects - ending of funding		36		36
School Standards Grant Increases	-178			-178
Childrens Fund - net loss of grant	130		301	431
Other grants ending (SRB/NOF/NDC)	481			481
Additional NDC funding for extended schools			-50	-50
	235	36	251	522
6. Other Growth Items				
- Home to School Transport costs			185	185
- Lovaas potential increase in demand		40		40
- Head of Admin Services post			45	45
- PSC staffing cover costs		30		30
- Union Duties			60	60
- Quality assessments (IIP etc.)			20	20
- Legal Costs			50	50
- Training Area SENCOs for QT status		70		70
- Reduction in capitalisation of salaries				0
	0	140	360	500
7. Savings Items				
- Childrens Fund reduce exp (because of loss of grant)			-301	-301
- Administration Service at Lodge		-112		-112
- Recoupment		-75		-75
- Property R&M (one off in 2004/05)			-22	-22
- Property - sale of unoccupied buildings - savings in running costs			-25	-25
- Finance - consultants fees			-30	-30

	Schools Block - ISB	Schools Block - LEA	Non Schools Block	Total
	£'000	£'000	£'000	£'000
- School Support increase income from schools for addit. Finance support			-62	-62
- Adult Learning contribution to overheads			-23	-23
- Over-provision for NEG in 03/04		-100		-100
- Recruitment Advertising budget			-75	-75
- Union Duties - corporate review			-60	-60
- Capita Strategic Partnership		-40	-225	-265
- Publications			-10	-10
- Variation in Innovation & Improvement budget for service development		-50	-100	-150
	0	-377	-933	-1,310
Total Estimated Change in Costs	5,592	776	772	7,140
Estimated Gap/Surplus(-)	588	600	0	1,187

APPENDIX B
Education Budget 2004/05 - Additional Budget Pressures and Options

	<i>Schools Block - ISB £'000</i>	<i>Schools Block - LEA £'000</i>	<i>Non Schools Block £'000</i>	<i>Total £'000</i>
Funding gap (from original PRBR schedule)	588	600	0	1,188
Variation between actual FSS and resource in PBPR	-2,405	-377	126	-2,656
London Challenge grant transfer to Standards Fund	1,500			1,500
Estimated new funding gap/surplus (-)	-317	223	126	32
Additional growth not included in PBPR				
Home to school transport			165	165
Additional spinal points for Soulbury pay award			65	65
Q & D post excluded in 2003-04 original budget			20	20
Better Haringey contribution		39	63	102
Corporate virement - increase in PCs			69	69
Corporate virement – disability/welfare to work			11	11
Corporate overhead – additional		50	100	150
Green paper <i>Every Child Matters</i> implementation			89	89
Cost of further unplaced pupils		100		100
Additional savings not included in PBPR				
SEN residential placements		-400		-400
Head of Admin post included in other budgets			-45	-45
Further overprovision of budget for nursery education grant		-80		-80
Translation/recruitment advertising			-50	-50
Premature retirement compensation			-70	-70
Park View Academy – Learning Resource Centre			-20	-20
Pendarren House – additional fee income			-10	-10
Lovaas - Growth in PBPR not now required		-40		-40
Innovation and Improvement Fund		108	-405	-297
Other savings to be identified			-108	-108
Gap/surplus (-) after additional growth and savings items	-317	0	0	-317

Revised PBPR financial schedule including additional options

	<i>Schools Block - ISB</i>	<i>Schools Block - LEA</i>	<i>Non Schools Block</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<i>1. Projected Increase in Resources</i>				
Est FSS Increase (4.5%, 5.0%, 4.5%)	4,470	757	772	5,999
Est LSC Inflationary Increase (as above)	241	19		260
Est LSC Increase pupil numbers	293			293
Est Standards Fund inflation increase 2.5% (incl in section 3)				0
Removal of Haringey funding for additional SEN residential placements - approved in 2003/04 and to be reviewed for 2004/05		-600		-600
Variation between actual FSS and resource in PBPR	2,405	377	-126	2,656
London Challenge grant transfer to Standards Fund	-1,500			-1,500
Total Estimated Change in Resources	5,909	553	646	7,109
<i>Estimated Changes in Costs</i>				
<i>2. Education Policy Development - EDP / SMP related</i>				
Extended Schools			75	75
Networked Learning Communities - Links to Libraries			90	90
Key Stage 2 - School Improvement			65	65
Admissions post to secure co-ordination		35		35
Development of Resource Bases				
- Enhanced secondary provision for children with complex needs*		60		60
- Development of Visual Impairment Service*		90		90
- Primary - EBD*		200		200
- Savings - reduction in out of borough places		-50		-50
Medical Needs - Advice/Accessibility			50	50
Key Stage 4 Science Consultant			59	59
Governor Unit			35	35
	0	335	374	709
(*note - these will need to be funded from the ISB when set up)				
<i>3. Inflation and related changes</i>				
Pay inflation -schools block 3.5%	3,596	342	0	3,938
Pay inflation - non schools 3.5%	0	0	595	595
Other Inflation 2.5%	791	585	415	1,791
Superannuation increase (apt&c 0.7% / 0.5%)	180	34	102	316
Increase in overhead charges 3.5%	0	35	70	105
Above inflation increase in corporate overhead charges		100	150	250
Income 2.5% (including standards fund inflation at 2.5%)	-438	-504	-512	-1,454
	4,129	592	820	5,541
<i>4. Demographic Changes</i>				

	<i>Schools Block - ISB</i>	<i>Schools Block - LEA</i>	<i>Non Schools Block</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Pupil Number Changes (4-15)	935			935
Pupil Number Changes (16-18)	293			293
Placements increase in numbers		200		200
	1,228	200	0	1,428
5. Central Government Grant and Other Funding changes				
Beacon Schools Standards Fund	-198			-198
Looked after Children - Quality Protects - ending of funding		36		36
School Standards Grant Increases	-178			-178
Childrens Fund - net loss of grant	130		301	431
Other grants ending (SRB/NOF/NDC)	481			481
Additional NDC funding for extended schools			-50	-50
	235	36	251	522
6. Other Growth Items				
- Home to School Transport costs			350	350
- Lovaas potential increase in demand (not now required)		0		0
- Head of Admin Services post			0	0
- PSC staffing cover costs		30		30
- Union Duties			60	60
- Quality assessments (IIP etc.)			20	20
- Legal Costs			50	50
- Training Area SENCOs for QT status		70		70
- Additional spinal points for Soulbury pay award			65	65
- Q & D post excluded in 2003-04 original budget			20	20
- Better Haringey contribution		39	63	102
- Corporate virement - increase in PCs			69	69
- Corporate virement - disability/welfare to work			11	11
- Green Paper <i>Every Child Matters</i> implementation			89	89
	0	139	797	936
7. Savings Items				
- Childrens Fund reduce exp (because of loss of grant)			-301	-301
- Administration Service at Lodge		-112		-112
- Recoupment		-75		-75
- Property R&M (one off in 2004/05)			-22	-22
- Property - sale of unoccupied buildings - savings in running costs			-25	-25
- Finance - consultants fees			-30	-30
- School Support increase income from schools for addit. Finance support			-62	-62
- Adult Learning contribution to overheads			-23	-23
- Over-provision for NEG in 2003/04		-180		-180
- Recruitment Advertising budget			-125	-125
- Union Duties - corporate review			-60	-60
- Capita Strategic Partnership		-40	-225	-265
- Publications			-10	-10
- SEN residential placements		-400		-400

	<i>Schools Block - ISB</i>	<i>Schools Block - LEA</i>	<i>Non Schools Block</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
- Premature retirement compensation			-70	-70
- Park View Academy - Learning Resource Centre			-20	-20
- Pendarren House - additional fee income			-10	-10
- Variation in Innovation & Improvement budget for service development		58	-505	-447
- Other savings to be identified			-108	-108
	0	-857	-1,488	-2,345
Total Estimated Change in Costs	5,592	553	646	6,791
Estimated Gap/Surplus(-)	-317	0	0	-318

Fair Funding of Schools

Support for Schools in Financial Difficulty

Transitional Support Plan 2004-05

London Borough of Haringey

Fair Funding of Schools

Support for Schools in Financial Difficulty

Transitional Support Plan 2004-05

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1. Introduction

- 1.1 The London Borough of Haringey welcomes the opportunity presented by transitional support grant (TSG) to support schools in financial difficulty. The Council has had a policy of fully passporting increases in education funding to education and will do so again in 2004-05. The LEA will continue its policy of delegating where possible all available resources directly to individual schools budgets.
- 1.2 The London Borough of Haringey is eligible for £3.274m of TSG in 2004-05. This plan shows how the LEA proposes to use the full allocation of grant in 2004-05. The plan also shows how the LEA proposes to target its own "headroom" resources at schools most affected by local cost pressures. The format of the plan follows that in the DfES guidance of 19 November 2003.
- 1.3 In addition to transitional grant, the Council is eligible to apply for up to £317,000 as an advance of its 2005-06 grant. The Council does not intend to apply for an advance.

2. Schools' spending in 2003-04

- 2.1 2003-04 is a difficult year for Haringey's 81 schools. Across all schools, planned expenditure when budgets were set in May 2003 exceeded income by £3.19m, equivalent to 2.66% of the ISB (Table 1).

Table 1	Income 2003-04 (£m) ²	Planned expenditure 2003-04 (£m) ³	Difference (£m)	Difference (% of income)
Primary	£65.70m	£67.90m	£2.2m	3.35
Secondary	£46.75m	£47.37m	£0.62m	1.33
Special	£7.46m	£7.83m	£0.37m	5.00
All schools	£119.91m	£123.10m	£3.19m	2.66

- 2.2 The number of schools in financial difficulty increased in 2003-04. Aggregate schools' reserves fell sharply. Five primary schools used their devolved capital allocation for revenue purposes in order to avoid a greater deficit situation.

² Income is taken from the 2003-04 Section 52 budget statement. It includes devolved Standards Fund, Budget Support Grant and Additional Budget Support Grant.

³ Including any balance from 2002-03

Although there are wide variations between individual schools, the overall pattern is similar across all sectors (Table 2).

	Reserves (£m)		Number of schools in deficit	
	2002-03 ⁴	2003-04 ⁵	2002-03	2003-04
Primary	£3.77m	£1.57m	11	21
Secondary	£2.25m	£1.63m	3	4
Special	£0.59m	£0.22	0	1
All schools	£6.61m	£3.42m	14	26

- 2.3 86% of schools currently purchase financial advice from the LEA's school support team. The LEA's advice to these schools, and others, is that using balances to fund staffing is not sustainable, and that schools in that position must recognise the need for long term cost reductions.
- 2.4 Only a very small proportion of the reduction in reserves is known to be the result of planned expenditure on one-off items. Where this occurs it is generally at schools which have planned their project using funding from a variety of sources and have built up reserves for the particular purpose. None of the recovery plans for schools in deficit include expenditure on one-off items. Five primary schools are using their devolved capital allocation for revenue purposes in order to avoid a greater deficit situation in 2003-04.

3. ISB increases in 2004-05 and the use of headroom

3.1 Haringey's Schools Formula Spending Share (SFSS) for 2004-05 increased by 6.7% (Table 3).

Base SFSS per pupil increase	2.8%
Damping to meet 5% floor	2.2%
Total per pupil increase	5.0%
Increase in pupil numbers	1.7%
Total SFSS increase	6.7%

⁴ Actual reserves at 31 March 2003

⁵ Reserves estimated from budget plans for 2003-04 submitted in May 2003

- 3.2 Using January 2003 pupil numbers and applying, where possible, the minor changes to the formula agreed following the consultation with schools during autumn 2003, LEA headroom⁶ for 2004-05 is estimated to be £620,000 (Table 4). The information in the table is for illustrative purposes only; the final values depend on confirmed pupil numbers from the January PLASC returns.

Table 4	ISB (Excl LSC Funding) £'000	
ISB 2003/04		101,955
Add uplift of 6.7%		6,831
Less pupil growth of 1.7%		1,733
Growth in ISB (present pupil numbers)	a	5,098
4% Uplift on 2003-04 ISB		4,078
Plus cost of minimum funding guarantee		400
	b	4,278
LEA headroom	a-b	620

- 3.3 The LEA proposes to target the headroom to schools in difficulty through an addition to the additional educational needs (AEN) factor⁷ in the existing formula. There is a high correlation between schools in financial difficulty and AEN. The local cost pressures described in Section 4, below, also impact most on schools with high levels of AEN.
- 3.4 As shown in Table 2, above, budget plans submitted by schools in May 2003 indicated that reserves as at 1 April 2004 would be £3.42m. This is still our current forecast.

⁶ Headroom is the amount remaining from the SFSS after the costs of pupil number increases and of implementing the 4% minimum pupil guarantee have been taken into account.

⁷ Haringey's AEN factor takes account of English as an additional language, mobility, the Index of Multiple Deprivation and the prior attainment of pupils. Independently of TSG, schools were consulted in autumn 2003 on the principle of increasing proportion of the ISB allocated through the AEN factor. Detailed proposals for such an increase will be included in the fair funding consultation for 2005-06.

4. Unavoidable local cost pressures on the generality of schools in 2004-05

4.1 In calculating increases in SFSS, the DfES has made certain assumptions about increases in pay and non-pay costs. However, Haringey schools face a number of additional local cost pressures. Although the council recognises these pressures, it has not been able to provide additional resources over and above the passported increase. The main local pressures relate directly or indirectly to:

- The recent LEA Ofsted inspection report. Although pupil performance in Haringey schools over the last three years has improved faster than the national average, the LEA remains in the bottom quartile.
- Education-related targets in the Haringey's Community Plan
- The LEA's recently published Inclusion Policy.
- The national workforce remodelling initiative.
- Increased numbers of pupils without a school place, including newly arrived asylum seekers.
- A 20% increase in the number of looked after children in the year to November 2003.

5. Identification of schools in difficulty in 2004-05

5.1 The following six categories of school will be eligible for TSG. Priorities 1 to 4 relate to schools in a deficit situation. Priorities 5 and 6 represent a strategic use of grant to help raise standards and to restore all schools, including some without deficits, to a sustainable budget position from 2005-06.

Priority 1 The eight schools that have been carrying a historic deficit for some three years. These schools in most cases have suffered one or more years of highly fluctuating pupil number, which has meant budgeting has been very difficult. All the schools are working to deficit recovery plans. However, in repaying old debt, resources are being severely restricted; these schools are mainly in the more deprived areas of Haringey, and in most cases schools that are struggling to reach minimum attainment levels. Whilst it may be argued that these schools have been badly managed in the past, the deficit repayments they are facing leave them in a difficult position with low attainment but only minimum resources and staffing to improve the situation. The grant will be used to offset the cumulative deficit.

- Priority 2 Schools that are currently forecasting a deficit for the 2003/4 year for the first time. These schools have had a previously good financial record, but have found this year particularly difficult. The schools have all produced recovery plans, paying back the deficit over between one and three years. These schools will be eligible for TSG to off-set their currently planned deficit in 2004-05. Recovery plans will show how ongoing expenditure will be reduced to ensure they are in a position to set a balanced budget from 2005-06 onwards.
- Priority 3 The four primary schools that have exhausted their reserves and drawn on their devolved capital allocation in order to balance their 2003/4 budget. Such schools are considered to be in a de facto deficit situation and will qualify for TSG to reinstate their capital balances.
- Priority 4 Schools that have drawn on their reserves in order to set a balanced budget in 2003-04, but have not been able to reduce their costs sufficiently to avoid a deficit situation in 2004-05. These schools will be eligible for TSG to support a recovery plan which will bring them back into balance for 2005-06. The LEA will only agree recovery plans, and hence an allocation of grant, where it is satisfied that all reasonable steps to reduce costs in 2004-05 have been taken.
- Priority 5 A contingency for schools setting a balanced budget but which face extraordinary one-off circumstances beyond their control in 2004-05. Such circumstances may include long term uninsurable sickness or staff suspension, the costs of which would otherwise put the school into an unplanned deficit situation. At the end of the year any remaining contingency will be distributed through the mechanism for Priority 6.
- Priority 6 a) Under-resourced schools. An amount to be targeted to schools that have managed their budgets prudently for many years, but have only avoided a deficit situation by under-investment in items such as books, equipment and teaching resources. Such schools will be known to the LEA's school improvement officers through the Quality Standards process and Ofsted school inspection reports. Only schools with reserves below 2.5% will be eligible for this grant⁸.

⁸ In calculating a school's reserve, funding already earmarked for specific capital projects and income from private sources will be excluded.

- b) An “invest to save” fund for small projects that schools are currently unable to fund due to cost pressures, but which will lead to long term savings. Such projects could include one-off expenditure such as training or IT solutions to support remodelling of the workforce, or security measures to reduce vandalism. Only schools with reserves below 2.5% will be eligible for this grant. Applications for this grant will need to demonstrate a high rate of return on the investment.

6. Finalising eligible schools and agreeing amounts of grant

6.1 The planned approach to finalising which schools will be eligible for grant under each of the priorities and the methodology for agreeing the sums is set out below:

Priorities 1, 2, 3 and 4 Schools will be identified on the basis of the actual budget position of the schools concerned. The amount of grant will reflect the cost of implementing the agreed recovery plans. Recovery plans will be drawn up in consultation with finance officers and agreed by the Director of Education as at present.

Priority 5 and 6 Requests for grant under these priorities will be evaluated by an independent panel comprising senior officers, a primary and a secondary headteacher, and a primary and secondary school governor. School representatives will be drawn from schools that are not in financial difficulty. The headteachers will be nominated by the relevant headteacher forum. The governors will be nominated by the Haringey Association of School Governing Bodies. Evidence of need will be confirmed by the school’s senior improvement officer drawing on information from the LEA’s Quality Standards assessment. The composition of the panel and its decisions will be reported to the Schools Forum.

7. Recovery plans and additional financial management training and support

7.1 Schools unable to set a balanced budget are currently required to apply for a licensed deficit supported by an agreed recovery plan. If, after the allocation of TSG, schools are in position where the deficit has been paid off it will still be important to produce a plan to ensure their budget stays in balance. Haringey would require all schools in receipt of TSG to produce a forward plan, monitored by the LEA, detailing where future savings would be achieved once the additional funding has been exhausted.

- 7.2 All schools in receipt of TSG under categories 1 to 4 will be required to purchase the highest level of financial support offered by Haringey school support services or a similar level of support from an external provider. Haringey also expects that these schools will make full use of the training provided by KPMG and NCSL, when available.

8. Monitoring of recovery plans

- 8.1 Haringey Education Finance will review progress in the implementation of recovery plans on at least a quarterly basis, in consultation with the headteacher and, where necessary, school governors. The LEA will retain a reserve power to intervene or, as a last resort, withdraw delegation in order to ensure the grant is used for the purpose intended.
- 8.2 Reports on the operation and impact of the plan will be provided to the Schools Forum.

9. Formal confirmation of intention to fulfil the conditions of the grant

- 9.1 In submitting this plan, the LEA confirms that it intends to fulfil the conditions of grant subject to the Secretary of State agreeing⁹ to the use of grant under Priority 6 for schools in financial difficulty despite not having projected deficits.
-

⁹ Paragraph 21 of DfES guidance of 19 November 2003.

Extract from:

MINUTES OF LIFELONG LEARNING SCRUTINY PANEL: 13 November 2003

Members: Councillors *Santry (Chair), Fabian, *Griffith, Haley, *Bob Harris, *Laird and Robertson.

Co-optees: Mrs S. Berkery-Smith and Mr L. Haward (Church representatives), *Ms. L Pine and *Mr R Sharp (Parent Governor Representatives) Mr G Martin (Race Equalities Joint Consultative Committee Representative).

Also present: * Councillor Bax

*Members present

7. *PRE-BUSINESS PLAN REVIEW* (Reports of the Directors of Education Services and the Acting Assistant Chief Executive (Access) – Agenda Item 8)

Concern was expressed at the proposed reduction of £301,000 in the Children's Fund budget grant for 2004/5. This would impact on a range of activities such as breakfast clubs and language-literacy programmes that were aim at some of the Boroughs' most vulnerable groups.

The Deputy Director of Education (Resources and Community) stated that the LEA was working with the Steering Group to see if some of the activities could be supported by other funding and, if so, what could be kept.

The Panel noted that the DfES announced potential transitional grant could be provided for schools who were having budgetary difficulties providing that they had a plan to rectify the situation within 2 years. Schools were able to access various sources of grant funding. However, they were not always clear on what was available. They might also benefit from guidance from the LEA on how to bid in the most effective way. The Assistant Director of Education reported that a specific post had been created within the LEA to progress community and regeneration activities and would be working with schools on this. This role would be developed within the next 6 months.

AGREED:

1. That a clear assessment be made of the possible impact of the reduction of £301,000 in the Children's Fund budget for 2004/5 and, if necessary, appropriate amendments made to budgetary proposals to mitigate its effects.
-

Executive

On

20 January 2004

Report title:	HRA Financial Planning 2004/5	
Report of:	Director of Finance and Director of Housing	
Wards affected:	All	
1. Purpose		
1.1	To update Members on the HRA Budget 2004/05 position.	
1.2	To present to Members the proposals for closing the budget gap in 04/05.	
1.3	To seek Member comment / approval.	
2. Recommendations		
2.1	To note the overall resource shortfall in year one of the five-year planning period at the assumed income / expenditure levels.	
2.2	To agree the budget adjustments and officer recommendations set out in the report and appendix.	
Report authorised by:		
	Andrew Travers Director of Finance	Stephen Clarke Director of Housing
Contact officer:	Gerald Almeroth	Jackie Thomas
Telephone:	0208 489 3129	0208 489 5912

3.1 Executive summary

3.1.1 HRA financial planning is based on a five-year financial strategy, which in turn reflects a long-term business planning model. The latest position points to a gap in 2004/05 of £756k to reflect the unavoidable changes to the base budget that will be required to address current projected shortfalls. If all of the proposals from the pre business plans are adopted, the gap increases to £2.731m. Members will wish to give consideration to the options for closing the gap(s).

3.2 Reasons for any change in policy or for new policy development

The proposals include an option to cease the internal decorations programme. In 03/04 this has been funded entirely via the one-off supporting people windfall grant.

4. Access to information: Local Government (Access to Information) Act 1985

The following background papers were used in the preparation of this report:

Draft HRA subsidy determination , December 2003.

For access to the background papers or any further information please contact Jackie Thomas on 020 8489 5912.

5. Background

5.1 The strategic issue facing the Council as housing provider is that rent and subsidy levels are controlled by government and the resources made available are insufficient to maintain the stock in good quality and provide the improved levels of service expected by tenants. The problem is compounded by the impact of right to buy sales, which require fixed costs to be spread over a smaller number of properties.

5.2 HRA financial planning is based on a five-year financial strategy, which in turn reflects a long-term business-planning model. The key issues reflected in the strategy are:

- the need to improve service levels to meet the aspirations of tenants and to improve inspection scores;
- the continued reduction of managed stock as a result of right-to-buy sales;
- the impact of rent restructuring and service charge unpooling;
- the impact of a capital investment gap to achieve good quality housing;
- government control through the subsidy system of all key variables;
- the need to consider stock management options which might help to bridge the investment gap.

5.3 The budget for 2003/4 was based on a five-year position which indicated budget gaps from 2005/6 onwards as a result of the inter-relationship of the above factors.

6.0 Revised position 2003/4

6.1 The latest monitoring position for the current year reflects projected overspending due to lower than expected rent income and higher volumes of repairs. These and other minor variations will be covered by the contingency leaving balances at the planned minimum level of £5m.

6.2 Further analysis of the position reveals two factors which will need to be amended in the base next year:

- the rent product is reduced by £1.1m reflecting a revised analysis of stock numbers and the impact of restructuring;
- various income budgets are over-stated in the total sum of £0.3m.

7.0 Projected position 2004/5 and future years

7.1 The overall position continues to reflect the key issues set out above. The following factors are of particular significance:

- the cost of deferred purchase arrangements ceases resulting in a saving of £2.3m;

- new subsidy arrangements have been announced reflecting the new regime for the control and subsidising of capital expenditure and the removal of housing benefits from the HRA to the general fund;
- the stock options review and the commission set up to advise the Executive require funding;
- there is a credit contingency item of £1.5m reflecting the current review of inter-fund issues. This work is complex and will not be completed until spring next year. General fund planning does however anticipate a net cost of £1.5m and it is appropriate to now introduce this into HRA planning. The actual impact will not be finalised until the review is complete;
- there are a number of savings and investment proposals from the pre-business plan review to be considered; and
- the base position reflects a level of repairs capitalisation which will, in turn, impact on capital investment and the size of the capital investment gap.

7.2 The position is summarised in the attachments: **Appendix 1 and 2**. This shows the base position for the current year and then variations to that base position over the next five years. The variations are split between those which are unavoidable and those which are options from the PBPR process. The base budget issues noted in paragraph 6.2 are reflected as unavoidable variations. The overall 5-year position shown in appendix 2 is a deficit of £642,000.

7.3 The deficit in 2004/5 if all PBPR proposals are agreed is £2.7m. Members will need to determine how this deficit is resolved. The key driver within this is to provide sufficient resources to maintain progress towards improving the Council's inspection ratings, which will in turn, improve our prospects for securing additional capital investment. Options for resolving this gap are presented in para 9.5.

7.4 The projected position for later years is relatively stable as set out in the appendix, but will in reality need to reflect in due course, the outcome of two key unresolved strategic issues:

- the stock survey has now been completed and the results shared with the Executive. The resulting investment gap is the driver for the review of future stock options currently underway. As mentioned above, the base position for the HRA reflects a level of capitalisation of repairs which in turn reduces the level of resources available for improvements to the stock. The calculation of the investment gap will need to be refined in the light of projected levels of government support for capital investment. This will in turn require further consideration of the appropriate level of capitalisation, which will impact on future years' HRA deficits;
- the value for money of the existing repairs service will be reviewed over the next few months. The review will consider the appropriate mix between internal and external provision and will devise a procurement strategy. The review will also need to anticipate possible outcomes of the

stock options appraisal. The cost-effectiveness of the repairs operation will be a key factor for the overall position of the HRA.

8.0 Next steps

- 8.1 Members will wish to give initial consideration to the closing of the budget gap for 2004/5. Decisions will then be taken as part of the finalisation of the Council's overall budget package.
- 8.2 The strategic issues for future years will also be given further consideration in the light of government support for capital expenditure next year and the resulting housing capital programme. The strategic issues will not be fully resolved, however, until the matters outlined in paragraph 7.4 are concluded. Proposals for meeting the shortfall are outlined below.

9.0 Budget Pressures

9.1 Rental Income

- 9.1.1 The Executive considered proposals for increasing rents / service charges in December, as the basis for consultation with tenants and leaseholders. In reality, there is little discretion as rents are effectively set by the subsidy regime. The ten-year rent restructuring process will continue next year to align rents more closely with market values. The overall rent increase for consultation is **3.01%**, with the following summary impact once restructuring is taken into account:

% Change	No. tenants	% tenants
>10	4	0.02
7.5 - 10	2,276	12.89
5 - 7.5	5,404	30.60
3 - 5	651	3.69
0 - 3	6,518	36.91
-1.5 - 0	2,807	15.89
Total	17,660	100.00

A copy of the consultation letter and examples of the effect of rent / service charge increases on individual tenancies is attached at **Appendix 3**.

- 9.1.2 Hostel rents have not yet been restructured as options are still being explored. In 2003/04, an increase of 2.2% + £2.00 per week was applied, comparable to the rate for non-Hostel tenants. Pending restructuring, it is proposed to increase Hostel rents by the above average increase rate of **3.01%**.
- 9.1.3 Tenants' service charges cover the costs of services provided to specific properties or groups of properties, rather than to all properties. The Council "unpooled" tenants' service charges in 2003/04 (i.e., separated them out from rent). Tenants' service charges will increase in line with the costs of the

relevant services, though subject to a maximum of RPI + ½%. For these purposes, the September 2003 RPI of 2.8% is applicable.

- 9.1.4 Leaseholders' service charges will increase in line with actual anticipated expenditure on chargeable services. There is no statutory requirement for consultation on general service charges, although the Commonhold and Leasehold Reform Act 2003 will bring into effect consultation on individual long-term contracts and works, and a new right to challenge the reasonableness of service charges. It was agreed last year that service charges in respect of the concierge service would be increased so that leaseholders pay the full cost of providing the service, and that this was to be phased over three years.

9.2 Stock Loss

Continuing right to buy sales reduce both rental income and associated housing subsidy income (although there is some additional leasehold service charge income). We are currently projecting 550 Right to Buy sale completions this year against a budget assumption of 400 completions. This remains a difficult area to predict. There is no doubt that the reduction in RTB discounts prompted many to submit applications. However the two-year lead in time as well as the performance of the housing market in particular and the economy in general will all impact on this area. As far as the budget is concerned the difficulty is that fixed costs cannot be reduced at the same rate as revenue loss to offset this impact.

9.3 Repairs and Maintenance

- 9.3.1. It is proposed that the base be increased by £300k to reflect the growth in repair volumes that has been experienced this year. Inflation has been assumed at 5% reflecting the steeper level of price rises within the building industry and higher tender prices.

9.3.2 Internal decorations

Currently, Council policy is that all tenants over 60 years and those who are disabled (with care needs) have three rooms decorated once every six years. In reality, the level of funding is insufficient to maintain a six-year cycle. It was proposed last year that Council policy be changed from a programme which is currently decided on the basis of age / disability to one based on need and which could therefore be at least partly funded from supporting people grant. The £285k bid for supporting people grant unfortunately failed and this year's programme has been financed entirely through the one-off supporting people grant windfall (£1.7m).

To sustain a 6-year programme it is estimated that a budget of £950k is needed. If the overall budget is capped at current levels the effect is that each cycle of the programme will take between 10 and 12 years. Further, the programme will have to be funded either from revenue resources at the expense of other services and compensatory savings will have to be found; or

from capital resources at the expense of long term stock investment and progress towards the achievement of the decent homes standard. Discussions with a number of with other boroughs has revealed that they have either abandoned such schemes, severely restricted them to only the most vulnerable, or instead refer tenants to voluntary sector organisations. It is officer's recommendation that the scheme as it currently operates, ceases.

9.4 Proposals for reducing costs / increasing income

9.4.1 As has already been mentioned Right to Buy sales and housing transfers have reduced rental income and associated housing subsidy income. This loss cannot, at least in the short term be matched by offsetting reduction in costs in repairs and management costs.

9.4.2. An exercise was started last year to identify £200,000 of efficiency savings in housing management beginning in 2003 to reflect the changes in levels of stock. This will generate £150,000 in 2004/05. Stock loss assumptions have already been built into the repairs and maintenance projections.

9.5 Options for bridging the budget gap

9.5.1 The Housing Service has reviewed all of the proposed base budget growth items for next year and has divided them into unavoidable and optional items. The optional growth amounts to £1.975m and is summarised below.

Optional Growth	Cost £'000
HHBS - extended working hours	350
HHBS - additional vehicles	300
Internal decorations - restore budget	475
HHBS - repairs volume increase	300
HM - new third tier post	50
HM - increased IT support	100
HM - increased Service Development	150
HM - Estate Services (incl. contribution to Better Haringey)	100
HM - additional funding for dedicated rent recovery teams	50
HM - tenant participation support (one- off)	100
Total	£1,975

9.5.2 It is officers recommendation that the following proposals be agreed by Members:

- £100k be allocated for the procurement of new vehicles to support the roll out of mobile working
- £300k be added to base for repairs growth
- £50k be allocated to recruit an additional post in Housing Management to support the Excellence project (work towards 2*) and the better co-ordination of services - leasehold management in particular

- £100k be allocated for IT / service development support
- £50k be allocated to work supporting Better Haringey

It is proposed that the bid to extend the working hours of HHBS operatives in order to offer weekend and evening appointments be introduced as a pilot within the NDC area in 04/05. If successful, this can be considered for roll out elsewhere in 05/06 and be part of future budget planning and the implementation of Best Value review outcomes.

The revised growth proposals position will therefore be as follows:

Optional Growth (Revised)	Cost £'000
HHBS - extended working hours	0
HHBS - additional vehicles	100
Internal decorations - restore budget	0
HHBS - repairs volume increase	300
HM - new third tier post	50
HM - increased IT support	50
HM - increased Service Development	50
HM - Estate Services (incl. Contribution to Better Haringey)	50
HM - additional funding for dedicated rent recovery teams	0
HM - tenant participation support (one- off)	0
Total	£600

- 9.5.3 To further reduce the budget gap it is also proposed that the level of contingency be reduced by £634k to £1m on the basis that:
- Most of the uncertainties associated with rent restructuring / service charge unpooling, which have led us to take a cautious approach in the past, have now been bottomed out and we are more confident that income levels are now more accurately reflected within the base budget
 - Other uncertain areas of service cost growth (legal costs / waste management) have similarly been reviewed and the true costs of these services are now more accurately reflected within the base budget.

9.5.4 This leaves a remaining budget gap of £722k. Increasing the use of capital resources for repairs can close this. HRA balances at the desired £5m level can thus be maintained.

Housing Revenue Account
2003/04 to 2004/05

Heading	2003/04		2004/05	
	Updated Base Budget	Increase / (Decrease)	Draft Budget	
HRA Contingency	1,698	(64)	1,634	
Repairs & Maintenance	15,448	1,921	17,369	
Supervision & Management	17,552	1,015	18,567	
Special Services	12,527	2,211	14,738	
Other Property Costs	594	29	623	
Provisions for Bad Debts	-	46	46	
Rent Income	(57,542)	889	(56,653)	
Non-Dwellings Rents	(1,638)	(57)	(1,695)	
Charges for Services & Facilities	(9,862)	(131)	(9,993)	
Other Income	(1,962)	(1,938)	(3,900)	
Controllable Total	(23,185)	3,922	(19,263)	
Rent Rebates	41,167	-	41,167	
Provisions for Bad Debts	1,203	-	1,203	
Charges for Capital	60,101	(13,521)	46,580	
HRA Subsidy Receivable	(79,222)	12,266	(66,956)	
Other Total	23,249	(1,255)	21,994	
TOTAL HOUSING REVENUE ACCOUNT	64	2,667	2,731	

Subjective Analysis of Budget Gap 2004/05	
Unavoidable Increases	2,419
Inter-Fund Balance Contingency	(1,500)
Planned Savings	(163)
Optional Increases	1,975
Total Budget Gap 2004/05	2,731

Reason	Explanation	2004/05 Increase / (Decrease)	2005/06 Increase / (Decrease)	2006/07 Increase / (Decrease)	2007/08 Increase / (Decrease)	2008/09 Increase / (Decrease)	Total 5 years
Unavoidable Items:-							
96 Non-RTB Stock Loss	Changes in costs/incomes from PSL stock loss	-	-	-	15	16	31
Abolition of MRP	Minimum Revenue Provision abolished in Capital reforms	104	104	104	104	-	416
Base Rent Budget	Reflects 03/04 changes in from Base Budget	1,140	-	-	-	-	1,140
CAB Funding	Erroneously omitted from 03/04 Base Budget	95	-	-	-	-	95
Debt Restructuring	Capital Financing & Subsidy impact of restructuring	66	-	-	-	-	66
End of DPA Costs	End of Deferred Purchase Agreement costs	(2,280)	-	-	-	-	(2,280)
Gas Maintenance	Additional resources for Gas Maintenance contracts	200	-	-	-	-	200
Grounds Maintenance	Contract costs + inflation (inc one-off cost)	(79)	-	-	-	-	(79)
Inflation	Inflation on Pay & Non-Pay Costs & Income	1,776	1,082	1,154	1,231	1,305	6,548
PBPR Legal Costs	As per HM Pre Business Plan Review	400	-	-	-	-	400
Rent Increase @ 3.01% Capped	Calcd'd equivalent to Rent Restructuring increase	(1,472)	(1,452)	(1,461)	(1,479)	(1,492)	(7,356)
RTB Sales (550/400/...)	Effect of projected RTB sales on costs/income	902	(82)	88	53	16	977
Central Support Services	Costs increases over previous inflation estimates	197	-	-	-	-	197
Subsidy as per Determination	Sundry income shortfalls against budget	329	-	-	-	-	329
Support for Stock Opt Appraisal	Housing Subsidy calculated as per Draft Determinations	624	-	-	-	-	624
Trans HB to Gen Fund	Stock Option Appraisal + Tenants' Advisors	298	(100)	(50)	(50)	-	98
Trans RRSLS to Gen Fund	Est'd impact of Rent Rebate changes after dampening	-	(450)	(450)	-	-	(899)
TWU Inflation Proposal	Est'd impact of Rent Rebate changes on RRSLS scheme	34	-	-	-	-	34
Waste Management	Increase owing to TWU rate rises	(13)	(84)	(6)	(3)	17	(90)
Total Unavoidable	Contract costs + inflation	98	-	-	-	-	98
Contingent Items:-							
Contingent Inter-Fund Balances	Contingency for Inter-Fund Balances adjustments	(1,500)	-	-	-	-	(1,500)
Total Contingent		(1,500)	-	-	-	-	(1,500)
Planned Savings							
Man Strength (as BT)	Ending of Business Improver funding	-	(175)	-	-	-	(175)
PBPR Man Savings	As per HM Pre Business Plan Review	(150)	-	-	-	-	(150)
Shop Flats at OMV	Charge OMV for non-stock flats on commercial leases	(13)	(13)	(13)	(13)	(13)	(65)
Total Planned Savings		(163)	(188)	(13)	(13)	(13)	(390)
BASE POSITION BEFORE OPTIONAL GROWTH		756	(1,170)	(634)	(141)	(152)	(1,340)
Optional Growth:							
HHBS Extra Hours	HHBS PBPR - Extended Working Hours	350	-	-	-	-	350
HHBS New Vehicles	HHBS PBPR - Costs of new vehicles	300	-	-	-	-	300
Restore Internal Decs Budget	Restore funding reduced in 2003/04	475	-	-	-	-	475
Repairs Volumes Increase	Increase Repairs budget for extra volumes	300	-	-	-	-	300
NRF/CAD Funds end	Costs of existing staff after grants expire	-	75	33	-	-	108
PBPR 3rd Tier Post	As per HM Pre Business Plan Review	50	-	-	-	-	50
PBPR Estate Services	As per HM Pre Business Plan Review	100	-	-	-	-	100
PBPR increased IT	As per HM Pre Business Plan Review	100	-	-	-	-	100
PBPR increased SDT	As per HM Pre Business Plan Review	150	-	-	-	-	150
PBPR Rent Rec Team	As per HM Pre Business Plan Review	50	-	-	-	-	50
PBPR Tenant Support	As per HM Pre Business Plan Review	100	(100)	-	-	-	-
Total Optional Growth		1,975	(25)	33	-	-	1,983
OVERALL POSITION WITH OPTIONAL GROWTH		2,731	(1,195)	(601)	(141)	(152)	642

5th January, 2004

Dear Tenant / Leaseholder,

RENT / CHARGE INCREASES APRIL 2004

The Housing Service reviews rent annually in order to ensure that the budget is balanced and that there is sufficient provision either to maintain or improve services. You may recall that Council housing rents were restructured last year in line the Government's proposals for restructuring rents in both Council and Housing Association owned property, so that rents across the social housing sector will be:

- Affordable
- Fairer and less confusing
- Linked more closely to the value of the property

Rents are now set according to a formula, part of which is based on the size and market value of the property and part on the level of local earnings. The aim is that, by 2012, all individual property rents will be within 5% of their "formula" rent level. During this time, annual rent increases for individual properties are capped at £2 per week above inflation plus ½%. The implementation of Rent Restructuring effectively removes the level of rents (and therefore rent income) from the Council's discretion.

Overall rents in Haringey are set to increase by an average of 3.01% next year. For individual tenants this will vary. Individual tenants' rents will range from a decrease of under £1 to an increase of under £6, depending on circumstances. Similarly, the percentage increase for individual tenants may vary from a 1% decrease to a 13% increase. The range of these changes is illustrated in the table below.

Change	Tenants	Percent
0% to 1.5% reduction	2,807	15.89%
0% to 3% increase	6,516	36.90%
3% to 5% increase	653	3.70%
5% to 7.5% increase	5,404	30.60%
7.5% to 10% increase	2,276	12.89%
10% to 13% increase	4	0.02%
Total	17,660	100.00%

Change	Tenants	Percent
£0 to £1 decrease	2,807	15.89%
£0 to £1 increase	5,789	32.78%
£1 to £2 increase	767	4.34%
£2 to £3 increase	670	3.79%
£3 to £4 increase	7,187	40.70%
£4 to £5 increase	435	2.46%
£5 to £6 increase	5	0.03%
Total	17,660	100.00%

The tables show that over 50% of tenants will be subject to an increase of less than 3%, and 50% to an increase of less than £2. Because of the different rents on which these increases are based, the tenants included in each 50% are not all the same. Letters setting out what individual increases will be sent out by the first week of March.

Tenants' Service Charges

Tenants' service charges cover the costs of services provided by to specific properties or groups of properties, rather than to all properties. The Council "unpooled" tenants' service charges in 2003/04 (i.e., separated them out from Rent). Tenants' service charges will increase in line with the costs of the relevant services, though normally subject to a maximum of inflation + ½%. For these purposes, the September 2003 RPI of 2.8% is applicable.

Leaseholders' Service Charges

Leaseholders' Service Charges will increase in line with actual anticipated expenditure on chargeable services in accordance with the terms of the lease. It was agreed last year that service charges in respect of the concierge service would be increased so that Leaseholders pay the full cost of providing the service, and that this was to be phased over three years.

Every effort is made to keep increases to a minimum. There is no statutory requirement for consultation on general service charge increases, although the Council is happy to receive your views.

The Commonhold and Leasehold Reform Act 2003 will bring into effect consultation on individual long-term contracts and major works, and various other rights in relation to service charges.

Receiving your comments

Although the Council now has little discretion about the level of increase, in accordance with our normal practice, we wish to receive any comments you may wish to make. You may submit these in any of the following ways:

1. By posting your written comments to:-
Haringey Council - Housing Services
Service Development Team,
13-27 Station Road,
London N22 6UW.
2. By handing your written comments into any local housing office or Customer Services Centre.
3. By telephoning and making your comments to a member of the Service Development Team on 020 8489 1988
4. By e-mailing your comments to norma.riley@haringey.gov.uk

Please ensure that we receive any submissions by Friday 16th January.

May I also take this opportunity to remind you that Area Housing Forum meetings are scheduled to take place during January. We've got 44,000 energy saving bulbs, courtesy of British Gas/Here to HELP scheme to give free of charge to tenants. These will be distributed on a first come basis - so get to your local meeting early! Dates and times are given below.

15 January 2004	Wood Green Area Housing Forum Civic Centre 7:30pm
20 January 2004	Broadwater Farm Area Housing Forum BWF Community Centre, Adams Road; 7:00pm
22 January 2004	Hornsey Area Housing Forum; Hornsey Customer Service Centre, Hornsey Town Hall 7:30pm
26 January 2004	North Tottenham Area Housing Forum Kenneth Robbins Community Centre, 240 Northumberland; Park N17, 7:30pm
29 January 2004	South Tottenham Area Housing Forum Apex House. 820 Seven Sisters Road, Tottenham, N17 7:30pm

With best wishes for the New Year.

Yours sincerely,

Stephen Clarke



Stephen Clarke
Director - Housing Services

Example (1) 4 Bed House, N4 3RP

Charge	Current	Proposed	Increase £	Increase %
Rent	£98.21	£99.45	£1.24	1.26%
Total	£98.21	£99.45	£1.24	1.26%

Example (2) 3 Bed Flat, N6 4HL

Charge	Current	Proposed	Increase £	Increase %
Rent	£89.55	£91.20	£1.65	1.84%
Service Charge – Caretaking	£3.75	£3.87	£0.12	3.20%
Service Charge – Ground Maintenance	£1.26	£1.30	£0.04	3.17%
Service Charge – Light & Power	£0.48	£0.49	£0.01	2.08%
Service Charge – Street Sweeping	£1.34	£1.38	£0.04	2.99%
Total	£96.38	£98.24	£1.86	1.93%

Example (3) Bedsit, N8 9NX

Charge	Current	Proposed	Increase £	Increase %
Rent	£34.73	£37.88	£3.15	9.06%
Service Charge – Caretaking	£3.75	£3.87	£0.12	3.20%
Service Charge – Ground Maintenance	£1.26	£1.30	£0.04	3.17%
Service Charge – Light & Power	£0.48	£0.49	£0.01	2.08%
Service Charge – Street Sweeping	£1.34	£1.38	£0.04	2.99%
Total	£41.56	£44.92	£3.36	8.08%

Example (4) 2 Bed Maisonette, N10 2EN

Charge	Current	Proposed	Increase £	Increase %
Rent	£78.13	£78.71	£0.58	0.74%
Total	£78.13	£78.71	£0.58	0.74%

Example (5) 2 Bed House, N15 4AR

Charge	Current	Proposed	Increase £	Increase %
Rent	£63.26	£63.35	£0.09	0.14%
Service Charge – Street Sweeping	£1.34	£1.38	£0.04	2.99%
Total	£64.60	£64.73	£0.13	0.20%

Example (6) 1 Bed Flat, N17 8JE

Charge	Current	Proposed	Increase £	Increase %
Rent	£47.31	£50.87	£3.56	7.53%
Service Charge – Caretaking	£3.75	£3.87	£0.12	3.20%
Service Charge – Ground Maintenance	£1.26	£1.30	£0.04	3.17%
Service Charge – Light & Power	£0.48	£0.49	£0.01	2.08%
Service Charge – Street Sweeping	£1.34	£1.38	£0.04	2.99%
Total	£54.14	£57.91	£3.77	6.96%

Example (7) 1 Bed Flat, N22 4EF

Charge	Current	Proposed	Increase £	Increase %
Rent	£49.11	£52.73	£3.62	7.37%
Service Charge – Caretaking	£3.75	£3.87	£0.12	3.20%
Service Charge – Ground Maintenance	£1.26	£1.30	£0.04	3.17%
Service Charge – Light & Power	£0.48	£0.49	£0.01	2.08%
Service Charge – Street Sweeping	£1.34	£1.38	£0.04	2.99%
Service Charge – Concierge	£11.57	£11.95	£0.38	3.28%
Total	£67.51	£71.72	£4.21	6.23%