

30 November 2012

To: All Members of the Communities Scrutiny Panel

Dear Member,

Communities Scrutiny Panel - Monday, 3rd December, 2012

I attach a copy of the following report for the above-mentioned meeting which were not available at the time of collation of the agenda:

6. DRAFT MEDIUM TERM FINANCIAL PLAN 2013-16 (PAGES 1 - 46)

To consider and comment upon the draft Council's Medium Term Financial Plan (MTFP) 2013-16 as follows:

- Cabinet Member Introduction;
- Review of Budget Proposals from the draft MTFP;
- Consideration of identified budget area(s); and
- Conclusions and recommendations

Yours sincerely

Robert Mack
Senior Policy Officer (Scrutiny)

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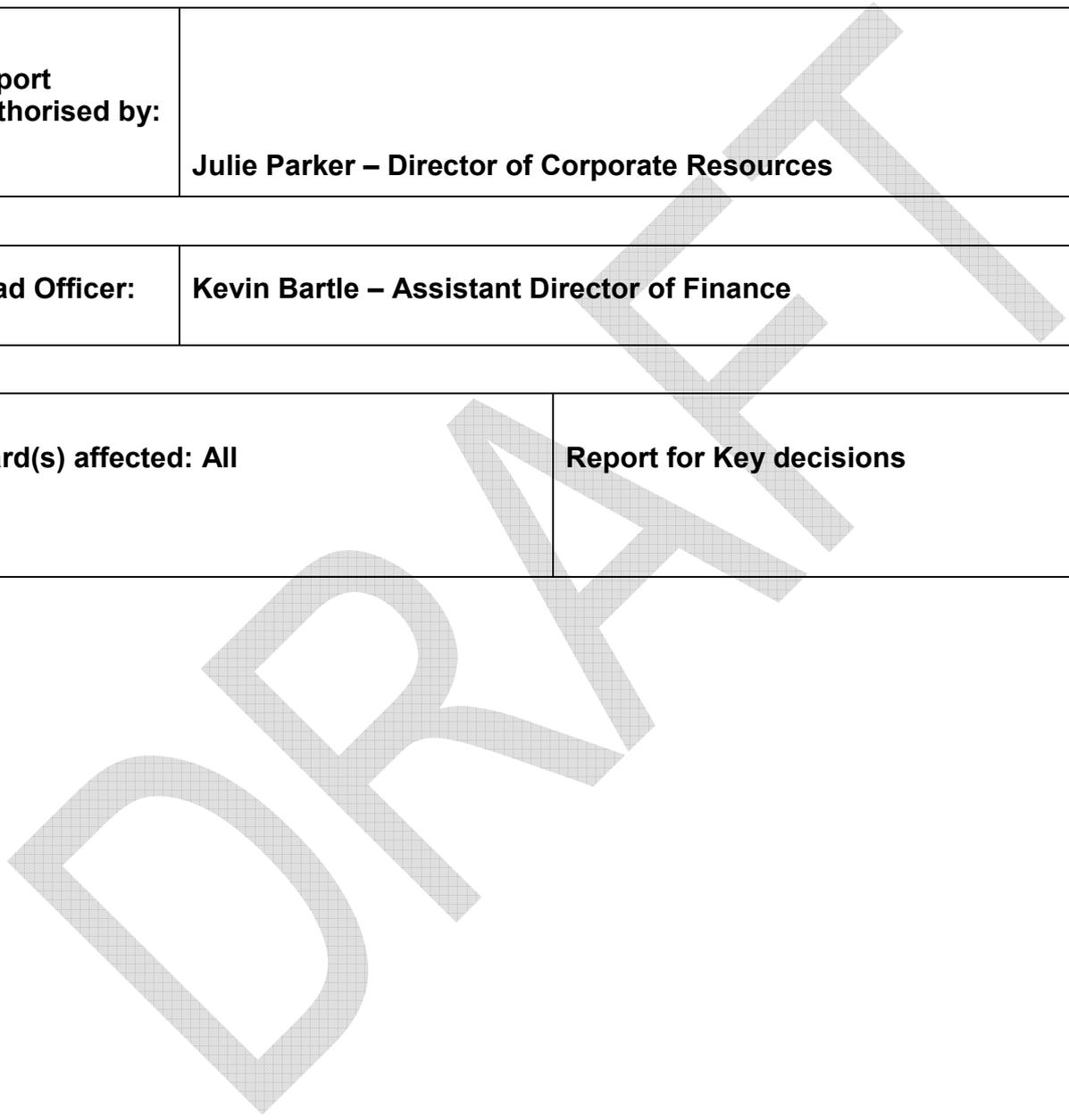
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|--------------------|----------------|---------------------|--|
| Report for: | Cabinet | Item Number: | |
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| Title: | Financial Planning 2013/14 to 2015/16 |
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| Report Authorised by: | Julie Parker – Director of Corporate Resources |
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| Lead Officer: | Kevin Bartle – Assistant Director of Finance |
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| Ward(s) affected: All | Report for Key decisions |
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1 Purpose of Report

- 1.1 To set out the strategic financial issues for the three year planning period to 2015/16, and to propose a process for setting the Council's 2013/14 Budget and Medium Term Financial Plan (MTFP) to 2015/16.

2 Introduction by Cabinet Member for Finance and Carbon Reduction – Councillor Joe Goldberg

- 2.1 TBA

3 Recommendations (Note these recommendations will need to be refined prior to publication at Cabinet on 18th December)

- 3.1 Cabinet is recommended to:
- a) Note the currently known changes to Local Government Finance set out in Section 7, and the associated modelling assumptions.
 - b) Note that the assumptions will be refined after the provisional Local Government Finance Settlement is published in late December.
 - c) For financial planning purposes only at this stage, agree the inclusion of the rent increases discussed in Appendix 5.
 - d) For financial planning purposes only at this stage agree the inclusion of the service charges discussed in Appendix 5.
 - e) Agree the HRA MTFP 2013-16 as described in Appendix 5.
 - f) Agree the HRA capital programme as detailed in Appendix 5.
 - g) Approve draft proposals to be recommended to the Council at its meeting in February 2013 for the Council's Capital Programme for the period 2013/14 – 2015/16 (paragraph 12 and Appendix 6)
 - h) Approve draft proposals, to be recommended to the Council at its meeting in February 2013 for the Council's MTFP 2013/14 – 2015/16 (Appendices 1,2,3 and 4)

4 Other options considered

- 4.1 This report proposes that the Cabinet should consider draft proposals to deliver a balanced and sustainable MTFP at its meeting in February 2012. This is in line with the process adopted in 2011.
- 4.2 This approach was developed in order to respond to a series of central government funding cuts that are unprecedented in scale. Additionally, the Council has to plan for a large scale change in the way Local Government is financed, with very late delivery of the provisional details.
- 4.3 Cabinet could choose to adopt a less demanding pace and examine options at a later stage. There would be more certainty over the exact level of government funding if a delayed approach was adopted, but there would be less time for robust development and consideration of options, leading to delays in implementation and delivery.

5 Background information

- 5.1 The Council's integrated financial and business planning process is the key mechanism by which plans and strategies are reviewed to ensure financial resources are allocated

effectively to underpin the delivery of the Council's priorities and performance standards. This process culminates in the annual review and approval of the Council's Budget and three year MTFP.

- 5.2 The Council's recent strategic financial planning has been driven by the need to respond to the Coalition Government's austerity policies designed to reduce the national deficit, with an emphasis on reducing public expenditure as a percentage of Gross Domestic Product.
- 5.3 The Spending Review (SR 10) contained proposals to reduce local government funding by 28% over the four years of the review up until March 2015. The economy has not grown as fast as the projections contained in SR 10, therefore in order to reduce public expenditure as a percentage of GDP, further cuts will have to be made in 2015/16 and 2016/17.
- 5.4 The 28% is an average figure across the country but Haringey Council has been particularly badly hit; this can be seen when comparisons are made in relation to the estimated change in revenue spending power per capita from 2010-11 to illustrative 2013-14 funding, inc. Council tax freeze grant and New Homes Bonus. Haringey is estimated to reduce by £170 per head while Richmond will reduce by £12 per head.
- 5.5 In February 2012 the Council approved its Budget 2012/13 and MTFP 2012-15. The current year's budget was balanced through the approval of a continuing savings programme totalling some £21m over and above the £41m delivered in the previous year. However, the overall MTFP at that stage showed planned spending exceeding anticipated resources by some £25m over the period 2012-15.
- 5.6 The strategic direction adopted allowed the Council to set budgets in 2011/12 and 2012/13, delivering savings of £41m and £21m in both years respectively. At the time of setting the 2012/13 budget in February 2012, the MTFP identified further gaps of £6m (£4m of which was the estimated cost to the Council of the abolition of Council Tax benefit) for 2013/14 and £19m for 2014/15. It was noted at the time that the delivery of savings to fill this gap would be challenging.
- 5.7 The MTFP report to Cabinet in July set out the large number of changes that are being introduced to both local government finance and welfare reform. This introduced a level of uncertainty into the planning process that meant accurate figures could not be reported at the time. However, the Council needed to prepare and plan for the budget, so a number of scenarios were developed. The report recommended that the medium term scenario be adopted, i.e. retain a budget gap of £25m, with a view to smoothing out the profile of cuts to £12.5m in each of the financial years 2013/14 and 2014/15.
- 5.8 In reality, some of the scenarios turned out to be the worst case. The changes to finance assumptions and the resource base will be set out in section 7. Since July, work has been undertaken to develop savings proposals after reviewing spending and resource assumptions. At this stage the draft proposals for 2013/14 to 2015/16 are based on best estimates, as the Department for Communities and Local Government has announced that the provisional local government finance settlement will not be available until 'late December'. **It is therefore almost certain that the proposals will need to be revised in the light of the settlement.**
- 5.9 This report proposes a draft budget package for the three year planning period 2013/14 to 2015/16, and is presented over the following sections:
 - Strategic approach
 - Financial resources
 - Budget pressures

- Budget and MTFP Revenue proposals
- Dedicated Schools Grant (DSG)
- Housing Revenue Account (HRA)
- Capital Programme

6 Strategic approach

- 6.1 The Council's plans for spending reductions have been framed by a need to ensure that priority services and outcomes for Haringey citizens were protected as far as possible. This has been at the core of the Council's strategic response to austerity and deficit reduction, encapsulated by the MTFP. The key element of this response is the clear vision for the Borough defined in "Re-thinking Haringey: Implementing One Borough One Future".
- 6.2 To reflect this approach, the Council has protected front line services and placed the largest burden on administration and support services such as Finance, HR, IT and Policy. The reorganisation of the Council makes it difficult to track budget reductions but the following estimates give a sense of how the prioritisation has occurred: Children's **16%**; Adults and Housing **11%**; Place and Sustainability **27%**; Corporate Resources **29%** and Chief Executive's **42%**.
- 6.3 In July, Cabinet requested Directors to identify draft proposals to save £12.5m in both 2013/14 and 2014/15 to deliver a balanced MTFP for consideration at the next appropriate meeting. These proposals, along with revisions to assumptions and growth, are presented in this report. Given that some of the cuts to funding have been worse than originally envisaged, it has not been possible to develop a balanced position over two years at this stage. Further modelling including the proposed cuts in 2015/16 and 2016/17 suggest that a longer term planned approach will be needed in order to deal with the size of future year resource gaps.
- 6.4 The proposals contained in the report are focussed on balancing the 2013/14 budget, although some savings are suggested for both 2014/15 and 2015/16. The size of the gap in the last two years means that the Council will be drawing up comprehensive transformation plans so that a strategic and prioritised approach will be taken over the medium term.
- 6.5 This report and recommendations have been informed by best estimates of the changes to Local Government Finance. The Chancellor's Autumn Statement will be presented on the 5 December, and the provisional Local Government Finance Settlement will not be available until after the date of this meeting. **It is a certainty that the figures will change again leading into the February Cabinet report as a result.**

7 Financial Resources

The Autumn Statement

- 7.1 TBA – Autumn statement will not be announced until 5 December and this is likely to lead to changes to our assumptions that could be additionally challenging.

Business Rates Retention Scheme

- 7.2 The MTFP report to July Cabinet gave a high level view of the changes introduced by the Local Government Finance Bill. Despite promising transparency and simplicity, the new scheme is opaque and complex. The following paragraphs set out how the scheme will operate at a very high level, and the assumptions that underpin the current estimates of the budget gap. **However, it is almost certain that these figures will change when the local government finance settlement is announced.**

- 7.3 The Business Rates Retention Scheme is a way of allocating the national control total for local government over all Councils, whilst at the same time providing an opportunity to retain proceeds from business rates growth in the local economy. Conversely, the risk of lower business rates due to economic conditions and appeals will be passed to Councils.
- 7.4 At the start of the scheme, the national aggregate for business rates will be split into two. Half will be allocated to the rate retention scheme (the local share). The national control total for local government, less the local share, will make up the total of revenue support grant – this amount includes the other 50% of the national aggregate for business rates. The Greater London Authority transport and Fire Services grant is then deducted from the local share to give a revised figure. The national ratio of local share to revenue support grant, estimated as 10.6:13.5, will then be used to allocate Revenue Support Grant and the local share within the individual authority totals. If this was not complex enough, the way in which local authorities' funding requirements are calculated are also changing. What this means in practice for Haringey is that a funding requirement will be calculated using a revised methodology, and then split between the rate retention scheme and RSG using the nationally derived ratio.
- 7.5 The government is retaining RSG as a means to implement cuts to Council funding as part of the ongoing austerity policies of the coalition government.
- 7.6 After going through this process, the Council will be notified of the amount that has been allocated to its rate retention scheme. This is known as the **baseline funding** level. The Government will then calculate an individual local authority **business rates baseline** by taking an average of the previous 2 years business rates returns, and then allocating 50% of the national business rates aggregate proportionately. If the business rates baseline is less than the baseline funding level, the Council will receive a 'top-up' from the government. Conversely, if it is more, the Council will be subject to a 'tariff' and will have to pay the difference over the central government.
- 7.7 The difficulty in modelling the scheme is that the total allocated to each council – the funding requirement – will not be known until late December. However, using the existing Formula Grant methodology, and applying the national totals to the new scheme, the following figures have been estimated for the London Borough of Haringey for the financial year 2013/14:

| | £m |
|-------------------------------|---------------|
| Business rates baseline | 19.690 |
| Top up | 56.902 |
| Baseline funding level | 76.593 |

- 7.8 For information, the Business Rates Baseline is derived as follows:

| | £m |
|-------------------------------|---------------|
| Gross Business Rates | 65.634 |
| Less: | |
| Central Share | -32.817 |
| Fire | -0.656 |
| GLA Transport | -12.470 |
| Baseline funding level | 19.690 |

From the Gross £65.634m business rates derived within the local area, the Haringey baseline is £19.69m, or 30% of the total.

- 7.9 When the scheme is up and running, any growth in business rates over and above RPI will be retained by the Council, split 40/60 between the GLA and the Council. For example, if RPI

is 2%, the Council would retain any income above 2% growth in business rates and split it 40/60 with the GLA. If a Council is subject to a fall in business rate income, a 'safety net will kick in at 7.5%, i.e. business rates will be allowed to drop to a maximum of 92.5% of the business rates baseline before government support is received, and even then it will only provide support over and above the 7.5% drop, not restore it back to 100%. Conversely, if a Council is deemed by the Government to have 'disproportionate benefit' from too high growth in business rates, then a 'levy' will be applied to scale back the growth and pass the money to the government.

- 7.10 The Haringey baseline funding level is very near the projections derived from government returns, but this will be refined when the figures are calculated and signed off in January. The current modelling in the MTFP does not assume that the Council will either lose business rates income, or grow above RPI.
- 7.11 The Council can only generate additional income by growing the Business Rates baseline- the ability to increase the business rate multiplier (the increase) will still be retained at a national level by the Government.

Revenue Support Grant and Grants Rolled in

- 7.12 Additional to the baseline rates retention funding level is RSG and grants rolled into RSG. Previously, the Government had rolled grants such as Supporting People into RSG, and during 2013/14 a new tranche of grants will be rolled in. However, before grants are rolled in, there are a number of changes to RSG that will have an impact on the Council.
- 7.13 The way in which New Homes Bonus (NHB) operates will change from 2013/14 onwards. Previously, the Government provided funding to incentivise Councils to build new properties and bring empty properties back into use. Under the new regime, New Home Bonus will be top sliced from the Local Government Spending totals, and then returned via grant. Those areas which have house building schemes will benefit, whilst those Councils who cannot develop new properties within their area, for whatever reason, will lose out. The Government plans to top slice NHB in 2 tranches, and any money that is not used will be returned to Councils in year, and deducted again the next year, until the scheme is fully utilised. The impact on Haringey, which is included in the overall funding predictions (see paragraph 7.18), is estimated as:

| | 2013/14 | 2014/15 | 2015/16 |
|--------------------------|---------|---------|---------|
| | £m | £m | £m |
| New Homes Bonus Returned | 8.845 | 6.808 | 2.927 |
| Year on year loss | 0 | 2.037 | 3.881 |

- 7.14 Current modelling allows for an increase in £1.3m in New Homes bonus Grant in 2013/14, and no increases thereafter, so by 2015/16, the changes have removed £5.9m from Haringey's government support compared to the 2013/14 level.
- 7.15 The Government has also introduced an additional top slice for the safety net (see paragraph 7.9) and capitalisation. Local Government Association calculations have shown that the Levy should be enough to pay for the safety net, but the Government have consulted on an additional top slice to local government funding to pay for a shortfall. The same top slice has been set aside to pay for capitalisation costs. Previously, Government has supplied funding for Councils who need to capitalise costs, for example redundancies and equal pay. However, this cost is now being met from Local Government funding. As with New Homes Bonus, any unused money will be returned to the system and paid back to Councils. It is currently estimated that £2.547m will be top-sliced from Haringey for this purpose. In 2013/14, it is assumed that 50% of this will be returned to the Council, producing a £1.274m cost pressure in 2013/14.

- 7.16 Another fundamental change to RSG is the treatment of Local Authority Central Services Equivalent Grant (LACSEG). This is funding that the Council receives to provide central services to schools. Under a new regime, consulted on during the autumn, the Government will now top slice the LACSEG grant from RSG, and return the amount to the local area, although Academies will now be paid direct for their element of the grant. The removal of this grant is estimated to cost the Council £1.2m in the first year of operation, with an additional £600k in both 2014/15 and 2015/16 to reflect further schools moving to Academy status.
- 7.17 In order to estimate the total quantum of RSG, grants rolled in need to be added. The following changes are occurring:

Early Intervention Grant – the Council received £16.4m Early Intervention Grant in 2012/13. This was a non ring-fenced grant that the Council could utilise for any purpose. The Government has top-sliced £150m from this grant to fund their own early intervention programmes, and the estimated amount to be received by Haringey is £15.7m. However, the Government has also introduced a change which means that the element of the grant that was nominally for 2 year olds is now being passported to Dedicated Schools Grant (DSG). The General Fund element will be £12m, which means a £4.4m reduction in non ring-fenced grants. £1.4m costs have been identified in Children’s and Young Peoples Services that can be transferred to DSG, but this still leaves the Council approximately £3m short due to the changes. As the grant moves forward into future years, the proportion passported to DSG increases, costing the Council £654k in 2014/15. This change is seen as particularly hard to understand, and despite lobbying by the LGA and London Councils, it is still going ahead. However, the methodology used to calculate the grant will be changing in line with formula grant changes, so the exact amounts may differ when the overall finance settlement is announced.

Learning Disabilities Grant – this grant will continue at an estimated £3.7m in 2013/14, £3.8m in 2014/15 and £3.9m in 2015/16.

Council Tax Freeze Grant – the Government will continue to pay the 11/12 element of the Council Tax freeze grant as a part of RSG. This is £2.5m for Haringey.

Council Tax Support Grant – the government is abolishing Council Tax benefit and replacing it with a local support scheme, as set out in the following sections. The grant for this scheme is being rolled into RSG, and will be £26.1m.

Preventing Homelessness – the Council received £925k in 2012/13, and £746k has been rolled into RSG, costing the Council £179k

Local Flood Grant – this has been rolled into RSG at previously budgeted levels of £207k.

- 7.18 Taking these changes into account, the estimated revised resource base for the Council in 2013/14 is as follows:

| | £m |
|--|-------------|
| Retained Business Rates | 19.7 |
| Top up | 56.9 |
| Total Business rates retention scheme | 76.6 |

| | |
|---|--------------|
| | |
| New Homes Bonus Returned | 8.8 |
| Revenue Support Grant | 89.5 |
| Safety Net/Capitalisation returned | 1.3 |
| Total Government Support in MTFP | 176.2 |

7.19 The MTFP then assumes that government support will reduce in 2014/15 by 7.9%, and 2015/16 by 7.4%, in line with current projections and Government Policy.

Core Grants

7.20 A number of core grants will still be retained outside of Revenue Support Grant, and the changes are as follows:

Housing Growth Grant – this grant has not been continued, costing the Council £51,000

Rights to Free Travel Grant – this grant has not been continued, costing the Council £24,000

Housing Benefit and Council Tax Benefit – Council Tax Benefit will not exist beyond April 2013, and Housing Benefit will eventually disappear as it is transitioned to Universal Credit. Exemplifications by the Department of Work and Pensions have shown that the grant will decrease by £297k in 2013/14, with further reductions of £1m in 2014/15 and £75k in 2015/16 as the transfer to Universal Credit starts.

NHS grant to support care and benefit health - The 2010 Spending Review set aside an additional £2bn to support the delivery of social care, recognising the pressure on the system. The MTFP expected that £1.4m would be received in 2013/14, and the provisional notification indicates that £3.6m will be received, a positive variation of £2.2m. It has been assumed that the grant will decrease in 2014/15, as changes to the way in which the Council interacts with the Health Service start to operate.

Council Tax Freeze Grant – The Council has indicated that it will freeze Council Tax levels in 2013/14, thus making it eligible for the Governments recently announced Council Tax Freeze Grant. This is being made available in both 2013/14 and 2014/15 at a level equivalent to a 1% rise in 2012/13 Council Tax. £1m has been included in the MTFP in 2013/14 and 2014/15 for this grant. The Government will propose to lower the local authority tax referendum threshold to two per cent in 2013/14. This would mean if a local authority seeks to raise its relevant basic amount of council tax by more than two per cent, residents would have the right to call a binding referendum. Details on these matters will be released as part of the December settlement.

Local Council Tax Support Scheme

7.21 The analysis above refers to the £26.1m grant that is part of the revised arrangements for supporting people on low incomes with their Council Tax bills, but the implementation of the scheme has further ramifications, especially its effect on the Council Tax base.

7.22 As reported to Cabinet in July, the Government is abolishing Council Tax Benefit and asking Councils to replace it with a local support scheme with a significantly reduced funding base to pay for it.

7.23 In effect, this is a decision to cut the UK welfare budget, and transfer the cost to Councils leaving them with the difficult decisions about implementation. The government is also requiring councils to protect pensioners from the cut in benefits, so the cut in grant to the Council, once any increase in the number of claimants is taken into account, is estimated to be more like 15%, as opposed to the 10% as stated by CLG.

7.24 Haringey has consulted on how we manage the cut to our funding for the Council tax

reduction scheme. The details on how this will operate, and the impact on residents, have been consulted on and the responses are being considered. The scheme will be formally approved at a special full Council on 17 January. However, in order to develop the MTFP we have used the proposals in our consultation for planning assumptions.

- 7.25 Due to this abolition of Council tax benefit, the monies associated with it will now transfer to general grant as opposed to Council tax income. The means that the MTFP currently contains £75.2m for Council Tax, as opposed to the £103m generated in 2012/13. Critically this means any future rise in demand for Council tax support will become detached from levels of demand.
- 7.26 The MTFP has also been adjusted for movements in the tax base and bad debts, but clearly shows that the Council is less able to generate resources by making decisions about the level of Council Tax. The ratio of Council Tax received to Government support is known as 'gearing', and a consequence of the local support scheme is that the Council has become more highly geared.
- 7.27 If a comparison is made between 2012/13 and 2013/14 therefore, a fairly significant reduction in the Council tax base results as grant will in future be provided for CT support through the RSG settlement and not as a direct receipt of support for Council Tax payers.
- 7.28 Even after approximately £10m cuts in government funding, the Council generates 9% less of its resource from Council Tax in 2013/14 than it did in 2012/13. This means that the Council is more reliant on government funding than it ever has been. The Government may well argue that Business Rates Retention offsets this, but as described above, it is not that straightforward, and the Government will still set the increase for NNDR nationally.

Reserves

- 7.29 The Cabinet will consider the need for and the level of both specific and general financial reserves at its meeting on 12 February 2013.

Fees and Charges

- 7.30 A separate report will be considered by this meeting setting out the outcomes of a review of fees and charges, and will make recommendations for increases across specific service areas for 2013/14. At this point in time, £350k has been allowed for increased fees and charges in the MTFP, but any revisions arising from decisions made at this meeting will be reported at February Cabinet and the figures adjusted accordingly.

8 Budget Pressures

Service Demand and cost pressures

- 8.1 The MTFP report to July Cabinet identified that the MTFP approved in February 2012 allows for planned increases in demographic growth, and also that particular pressures are being felt in the Adults and Housing Service. Appendix 2 shows the proposed revenue investments for the planning period, totalling £6.1m over the three years. The majority (£6m) of these relate to transition and continuing care costs in the Adults service.

Pension Fund

- 8.2 The pension fund is undergoing a statutory revaluation of the assets and liabilities, and this is expected to increase employers' contributions by £1m from 2014/15 onwards.

Youth Justice Board

- 8.3 Under current remand legislation Local Authorities have a statutory duty to meet the costs of placing children remanded to Local Authority secure accommodation where this has been ordered by the court. Following an agreement with the Home Office in 1999, the Youth

Justice Board (YJB) has given financial assistance to local authorities in this regards (2/3rd towards cost), although there is no statutory requirement for it to do so. This agreement will cease on 31st March 2013. From 1st April 2013 Local Authorities will assume full financial responsibility for the costs of remands to secure children's homes and secure training centre. This change will cost the Council £768k.

Collection Fund

- 8.4 The 2011/12 out-turn showed that the Collection Fund has generated a deficit for the second year running, and identified that a review would be carried out into the underlying reasons. This work is on-going.
- 8.5 Taking account of discounts, existing deficits and the impact of the reduction in Council Tax benefit, the proposed MTFP allows for an adjustment of £1.6m. Given the changes to the tax base set out in paragraph 7.24, further cost pressures may have to be reported in February after the Council Tax Support Scheme has been approved in January.

Treasury Management

- 8.6 Budget forecasts for 2012/13 reported to this committee indicate that savings are being made in treasury management. These £1m savings have been projected forward into 2013/14.

9 Budget and MTFP Revenue Proposals

Achieving currently approved savings

- 9.1 Services have identified that £1.904m of pre-agreed savings for 2013/14 will now need to be re-profiled into 2014/15 and 2015/16. £1.292m is on track for delivery in 2014/15, £230k in 2015/16, £200k submitted as new/replacement savings, and £182k regarded as no longer deliverable. In order to keep pressures to a minimum, it is proposed that the £1.904m re-profiling in 2013/14 is funded from reserves.

Inflation and pay provisions

- 9.2 The Chancellor has continued to set a cap on public sector pay of 1%, and this is reflected in assumptions. Utilities and external contracts are provided for on a contract by contract basis, and given the level of uncertainty in the economy, a small (£500k p.a.) allowance for general inflation has been included.
- 9.3 The approved MTFP allows for £5.5m in 2013/14 and £8m in 2014/15, the revised assumptions now included are £4.7m and £5.0m which will represent a saving to the revised MTFP of £800k and £3m respectively.

New savings proposals

- 9.4 In July Cabinet noted the initial review of financial assumptions for the period 2013-16, and requested Directors to identify draft proposals to deliver a balanced and sustainable MTFP. Cabinet required £12.5m for both 2013/14 and 2014/15 to be delivered.
- 9.5 The savings proposals set out in Appendix 2 show a total of £13.852m, of which £7.083m will be delivered in 2013/14, £6.144m in 2014/15 and £0.625m in 2015/16.

Summary Position

- 9.6 Appendix 1 shows the current summary position of the MTFP from 2013/14 to 2015/16. After allowing for all of the analysis and assumption in this report, the gap is still £1.336m in 2013/14, £18.902m in 2014/15 and £22.961m in 2015/16. This results in a total funding gap

of £43.199m over the life of the plan.

9.7 More work is required before the position to 31 March 2014 is balanced, and the results of the provisional local government finance settlement have yet to be factored in.

10 Dedicated Schools Grant

10.1 TBA - requires Schools Forum consideration on 6 December

11 Housing Revenue Account (HRA)

11.1 A detailed analysis of the HRA MTFP and Capital programme are contained is set out in Appendix 5

12 Capital Programme

13 Capital

13.1 The revised draft capital programme over the next three years is £222.85m. A breakdown by directorate and proposed sources of funding can be seen in the table below. The revenue implications of this level of capital expenditure, in terms of borrowing costs and ongoing revenue expenditure on capital assets have been fully reflected in the MTFP.

13.2 In planning the capital programme, the aim has been to maximise the use of external funding and capital receipts and to limit the use of long-term prudential borrowing to that which has been agreed as part of the planning process last year. This approach is designed to minimise the impact of the programme on the general fund.

13.3 The table below shows the current projected spend by directorate area, and provides a summary of the sources of funding.

| Draft Expenditure | Proposed Budget 2013/14 | Indicative Budget 2014/15 | Indicative Budget 2015/16 | Total |
|--------------------------|--------------------------------|----------------------------------|----------------------------------|----------------|
| | £'000 | £'000 | £'000 | £'000 |
| Place & Sustainability | 23,947 | 9,125 | 7,133 | 40,205 |
| Children & Young People | 20,228 | 8,918 | 6,350 | 35,496 |
| Adults & Housing | 2,036 | 2,036 | 2,036 | 6,108 |
| HRA | 34,202 | 55,818 | 47,319 | 137,339 |
| Other | 1,600 | 1,000 | 1,100 | 3,700 |

| | | | | |
|-----------------------------------|---------------|---------------|---------------|----------------|
| Total Capital Programme | 82,013 | 76,897 | 63,938 | 222,848 |
| Draft Capital Funding | | | | |
| Government Grants | 8,781 | 8,507 | 6,886 | 24,174 |
| Other Grants | 11,484 | 947 | 1,583 | 14,014 |
| Capital Receipts | 16,073 | 10,128 | 7,600 | 33,801 |
| Section 106 | 463 | 0 | 0 | 463 |
| HRA | 34,202 | 55,818 | 47,319 | 137,339 |
| Reserves & Revenue | 2,135 | 450 | 550 | 3,135 |
| Prudential Borrowing (pre-agreed) | 8,875 | 1,047 | 0 | 9,922 |
| Total Capital Financing | 82,013 | 76,897 | 63,938 | 222,848 |

13.4 The main areas of expenditure are as follows:

Place & Sustainability

- The directorate has several large programmes underway including ongoing work in Tottenham and Northumberland Park, Wood Green Town Centre, and there is significant investment planned for carriageway maintenance works which have been limited in each of the past two years.
- The Council has a long term commitment to make available £5m for the Northumberland Park Development project currently projected as required after 15/16. Capital receipts will need to be generated and reserved to meet this commitment over the planning period.
- The current projected spend on Hornsey Town Hall over the next 3 years is some £5.3m. It is currently planned to fund this expenditure from the associated capital receipt from the sale of the site. The progress of this scheme is subject to a satisfactory funding agreement with Mountview.
- A further phase of the accommodation strategy relates to the re-provision of office accommodation and other changes in the location of existing services.

Children & Young People's Services

- The majority of the capital expenditure is on the Primary and Pre-School programme, and the expansion of school places. This programme continues to be predominantly funded by government grants, with some limited pre-agreed prudential borrowing.

Housing Revenue Account

- It is projected that the HRA will be able to meet all planned expenditure from its own resources under the self-financing regime. There has been a reduction in the level of planned expenditure on Decent Homes in 2013-14, with works now planned to take place in 2014-15 and 2015-16.

Other

- The Alexandra Park and Palace (AP&P) Regeneration scheme is aimed at transforming the Palace into a financially self-sustaining mixed leisure, entertainment and learning venue consistent with the Trust's objectives. To date the Council has required the Palace to make revenue savings and redirect those savings to fund the preparatory work for regeneration. It is proposed that this approach should be continued.

- It should also be noted that the AP&P Charitable Trust Board recently considered a report proposing a Major Grants bid to the Heritage Lottery Fund for some £16million. This would require match funding of £6.7million to be generated. The Council is committed to assisting the Trust in its fund raising from internal and external funding streams to address the funding gap.

A more detailed analysis of the capital programme can be found in Appendix 6. (Narratives will be added prior to the report being finalised for Cabinet)

- 13.5 At this stage there is uncertainty over some of the external funding streams, including TfL funding for Highways expenditure, funding for School Place Expansion, and GLA funding for Tottenham regeneration. As these funding allocations are confirmed, there will be further reports back to Cabinet seeking authority to amend the programme accordingly.
- 13.6 There will also continue to be opportunities to introduce invest-to-save schemes which have a strong business case.
- 13.7 As has been stated above, in developing the capital programme proposals, the aim has been to maximise the use of external funding and capital receipts. In terms of the latter the Council is continuing to review its property portfolio looking for opportunities to both rationalise our use of service based accommodation and to divest ourselves of land and buildings which are no longer required. Capital funding levels will therefore continue to be closely monitored together with further development opportunities linked to surplus Council land or buildings.
- 13.8 There are some risks associated with the disposal programme and it is assumed that a number of significant disposals which, between them, represent approx. 50% of the total projections over the 3 years of the programme. The profile has been adjusted to reflect this risk, however it may be appropriate to use temporary borrowing if slippage in receipts occurs.

14 Consideration of the Financial Years 2015/16 and 2016/17 for the MTFP

- 14.1 The July MTFP report identified that there is potential for further cuts to Local Government funding in 2015/16 and 2016/17, beyond the current CSR. Modelling of the potential impact in 2015/16, assuming inflation and service pressures show that a further £23m cuts may be required, **and this is reflected in Appendix 1**. Assuming the same level of pressure, and adjusting for funding reductions, the gap in 2016/17 would be £21m. This means that in addition to the projected £84m reductions up the end of 2013/14, the Council would have to find an estimated further £60m up to the end of 2016/17, meaning that in total the Council would have implemented reductions of £144m over the period, equivalent to just over 50% of its current budget of £278m.

15 Consultation

- 15.1 Consultation meetings on the budget proposals will be held across the whole of Haringey during December and January, and residents will be also given the opportunity to engage with the process online.
- 15.2 The Council's Overview and Scrutiny Committee, and associated Panels, will also be examining the proposals during the coming weeks. Both the feedback from Scrutiny and the results of the consultation will be included in the February Cabinet report.

16 Comments of the Chief Finance Officer and financial implications

- 16.1 As the report is primarily financial in its nature, comments of the Chief Financial Officer are contained throughout the report.

17 Head of Legal Services and legal implications

To be inserted

18 Equalities and Community Cohesion Comments

18.1 Equalities issues are a core part of the Council's financial and business planning process.

19 Head of Procurement Comments

19.1 Not applicable

20 Policy Implication

20.1 The Medium Term Financial Plan represents the resource framework for delivery of Council Policy and objectives.

21 Use of Appendices

21.1 Appendix 1 – Summary of the MTFP 2013/14 to 2015/16

21.2 Appendix 2 – Savings proposals to 2015/16

21.3 Appendix 3 – Investment Proposals to 2015/16

21.4 Appendix 4 – re-profiling of pre-agreed savings

21.5 Appendix 5– Housing Revenue Account

21.6 Appendix 6 – Capital Programme

22 Local Government (Access to Information) Act 1985

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

- Financial planning 2012-13 to 2014-15 - Cabinet 19 July 2011
- Financial Planning 2012-13 to 2014-15 – mid year budget update – Cabinet 4 October 2011
- Financial Planning 2012-13 to 2014-15 – Cabinet 20 December 2011
- Financial Planning 2012-13 to 2014-15 – Cabinet 7 February 2012
- Financial Planning 2013-14 to 2015-16 -

22.2 For access to the background papers or any further information please contact Barry Scarr, Interim Head of Corporate Finance, on 0208 489 3743.

Medium Term Financial Plan Summary 2013/14 to 2015/16

| | 2013/14 £000's | 2014/15 £000's | 2015/16 £000s | Total £000's |
|---|-------------------|-------------------|------------------|-----------------|
| Reported Budget Gap as at February 2011 | 6,051 | 19,273 | 0 | 25,324 |
| Changes to the Council's Resource Base | | | | |
| Earley Intervention Grant passported to DSG | 3,043 | 654 | 0 | 3,697 |
| Central LACSEG removed from RSG | 1,246 | 600 | 600 | 2,446 |
| Modelling assumptions based on draft Council Tax Support Scheme | -3,000 | 0 | 0 | -3,000 |
| Phased loss of Benefits Administration Subsidy | 297 | 1,000 | 750 | 2,047 |
| Revised Collection Fund Assumptions | 1,681 | 0 | 0 | 1,681 |
| Housing Growth Grant discontinued | 51 | 0 | 0 | 51 |
| Rights to Free Travel Grant discontinued | 24 | 0 | 0 | 24 |
| Learning Disabilities Grant - revised forecast | -131 | -83 | 0 | -214 |
| Preventing Homelessness Grant - revised forecast | 179 | 0 | 0 | 179 |
| NHS Grant - revised forecast | -2,180 | 1,790 | 0 | -390 |
| Assumption that only 50% of New Homes Bonus/Capitalisation top slice may return | 1,297 | -649 | 0 | 648 |
| Increased New Homes Bonus Grant | -1,336 | 0 | 0 | -1,336 |
| Change in RSG levels over estimates etc. | -921 | 2,889 | 11,366 | 13,334 |
| Council Tax Freeze Grant | -1,000 | 0 | 1,000 | 0 |
| Revised Gap after Resource Changes | 5,301 | 25,474 | 13,716 | 44,491 |
| Service and Demand Pressures | | | | |
| Estimated Pensions re-valuation from 14/15 onwards | 0 | 1,000 | 0 | 1,000 |
| Growth Proposals | 4,500 | 960 | 640 | 6,100 |
| Savings Proposals | -7,083 | -6,144 | -625 | -13,852 |
| Reprofiling and revisions to pre-agreed savings | 1,904 | -1,292 | 230 | 842 |
| Youth Justice Board - withdrawal of funding | 768 | 0 | 0 | 768 |
| Revised inflation assumptions | -800 | -3,000 | 5,000 | 1,200 |
| Estimated demographic pressure | 0 | 0 | 4,000 | 4,000 |
| Estimated Fees and Charge Increases | -350 | 0 | 0 | -350 |
| Treasury Management - improved forecast | -1,000 | 0 | 0 | -1,000 |
| Re-profiling met from reserves | -1,904 | 1,904 | 0 | 0 |
| Net Gap to find as at December 2012 | 1,336 | 18,902 | 22,961 | 43,199 |

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| Savings Proposals for consideration | | | | | Total £'000 |
|--|--------------------------|--------------------------|--------------------------|--|------------------------|
| | 2013/14 £'000 | 2014/15 £'000 | 2015/16 £'000 | | |
| Adults & Housing | 1,447 | 1,200 | 365 | | 3,012 |
| Children's Services | 3,025 | 2,975 | 0 | | 6,000 |
| Place & Sustainability | 671 | 980 | 200 | | 1,851 |
| Chief Executive's Service | 235 | 264 | 60 | | 559 |
| Corporate Resources | 1,705 | 725 | 0 | | 2,430 |
| TOTAL | 7,083 | 6,144 | 625 | | 13,852 |

A3

| Savings Proposals - Adults & Housing | | | | | | |
|--------------------------------------|---|---------------|---------------|---------------|-------------|---|
| Directorate/Service Area | Efficiency & Saving proposal | 2013/14 £'000 | 2014/15 £'000 | 2015/16 £'000 | Total £'000 | Further information/Impact on Performance (Service Delivery) |
| Business Unit | | | | | | |
| A1 | Staffing reduction | 0 | 0 | 80 | 80 | This is a reduction to the senior management team; a deletion of 1 senior manager post in the light of service closures and restructures. |
| A2 | New model of service delivery for Occupational Therapy and possibly Social Work Assessment. | 0 | 180 | 0 | 180 | Proposal is to explore: (i) integration of occupational therapy and social assessment with a community health partner; or (ii) work with a partner / another council. This will achieve budget savings through improved integrated working and consequently some staffing savings. |
| A3 | Redesign of Adult Social Work Assessment Service | 300 | 420 | 0 | 720 | This will involve a large restructure of the management of social work staff and will require significant staff consultation and changes to business processes. |
| A4 | Process improvements within personalisation and assessment | 0 | 0 | 35 | 35 | No impact on service delivery |
| A5 | Integrated Access Team Officers. Reduction of two posts. | 65 | | 0 | 65 | Efficient systems management should be able to mitigate against any reduction in responsiveness. |
| A6 | Day Centre Temporary Day Service Officers - delete 4 posts | 25 | 85 | 0 | 110 | Successful training for staff to work with people who have both mental and physical health needs means that the service has been fully integrated and the service can be managed effectively without the additional temporary posts required to assist the transition. |
| A7 | Senior Reablement Worker - deletion of 1 post. | 30 | 0 | 0 | 30 | Low impact as this is a new post that has never been recruited to. Vacant Post. |
| A8 | Prevention service - Service Support officer - deletion of 1 post. | 0 | 35 | 0 | 35 | This is not a front-facing post and there is no direct contact with the public. Most of the work was for the Residential Homes which have now closed and sheltered step-down. Given the closures it is now possible to manage without this post. |
| A9 | Catering Contract Manager - deletion of one post. | 40 | 0 | 0 | 40 | Manages & monitors meals contract and home 'nutrition advisor'. Now residential homes have closed and Meals service is moving to tri borough cost and volume contract arrangement it is now possible to manage without this post. |
| A10 | Learning Disability Day Opportunities Restructure - delete 4.5 posts (1 currently vacant). | 130 | 0 | 0 | 130 | This is a re-structuring of Learning Disabilities Day Opportunities' management and supervisory posts with the aim of rationalising the management structure. |
| A11 | Learning Disability Community Support Worker (Adult Placement Team) - delete 1 post. | 30 | 0 | 0 | 30 | Delete one vacant post. There is little or no impact on service delivery. This is a vacant position the service has held for over a year. |
| A12 | Learning Disability Support Worker (Day Opportunities) delete 1 post - currently vacant. | 20 | 0 | 0 | 20 | Delete 1 vacant post. |
| A13 | Voluntary Sector Strategy | 50 | 200 | 100 | 350 | Through the implementation of the Voluntary Sector Commissioning Framework; more focused service specifications, a greater emphasis on collaboration between agencies these savings will be achieved |
| A14 | A Framework - (Children & Adults client data base) system improvement (efficiency) change | | 10 | | 10 | No service impact. An efficiency following a systems process change. |
| A15 | Framework 1 (Children & Adults client database) contract renegotiation | 50 | 0 | 0 | 50 | No service impact. Contract cost reduction |

A4

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| Savings Proposals - Adults & Housing | | | | | | |
|--------------------------------------|-----------------------------------|------------------|------------------|------------------|----------------|---|
| Directorate/Service Area | Efficiency & Saving proposal | 2013/14 £'000 | 2014/15 £'000 | 2015/16 £'000 | Total £'000 | Further Information/Impact on Performance (Service Delivery) |
| | Business Unit | | | | | |
| A16 | Adults | 0 | 0 | 150 | 150 | Develop a Supported Housing scheme for six to seven young disabled adults. Supported Living is a model of care that promotes independence and helps clients to remain within the community. As such it is the preferred model of care and represents a better service |
| A17 | Adults | 200 | 200 | | 400 | Likely to include some front line staff although this will be minimised as far as possible. May therefore have an impact on performance. |
| A18 | Housing | 170 | 0 | 0 | 170 | This saving involves the merger of two lettings teams and deletion of the dedicated visiting team to create a single team with a broader range of functions and responsibilities. |
| A19 | Housing | 40 | 0 | 0 | 40 | Review of the service in the light of Welfare Reforms and the deletion of one post. Capacity in the team will be reduced and there is a risk that performance could be affected. |
| A20 | Housing | 40 | 30 | 0 | 70 | This saving depends on process improvements being achieved, without which there could be a loss of responsiveness and support to the professional staff |
| A21 | Housing | 60 | 0 | 0 | 60 | Increased automation of the housing register and applications has created scope for efficiencies. This assumes that demand remains at the current level. |
| A22 | Housing | 60 | 0 | 0 | 60 | This involves the deletion of the specialist overcrowding officer post and a reduction in the overall size of the team. |
| A23 | Housing | 80 | 40 | 0 | 120 | May reduce levels of rent collected and support provided. |
| A24 | Housing | 57 | 0 | 0 | 57 | No impact on service delivery. |
| | Total Adults & Housing | 1,447 | 1,200 | 365 | 3,012 | |

A5

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Savings Proposals - Children's Services

| Directorate/Service Area | Efficiency & Saving proposal | 2013/14 £'000 | 2014/15 £'000 | 2015/16 £'000 | Total £'000 | Further Information/Impact on Performance (Service Delivery) |
|-----------------------------------|--|------------------|------------------|------------------|----------------|---|
| Children and Families | Reduction in LAC Placements. | 2,410 | 2,250 | | 4,660 | Achieving the target set out will bring the Council into line with the average performance of our Inner London statistical neighbours. |
| Children and Families | Review of Early Years Services. | | 150 | | 150 | This is an efficiency contribution to savings. |
| Children and Families | Net reduction in staffing requirements following early intervention processes and reductions in numbers of LAC. | 85 | 150 | | 235 | Providing that the reduction in LAC happens as planned the impact on performance should be minimal |
| Children and Families | Reduction in Legal Services budget as a result of fewer care proceedings. | 50 | 50 | | 100 | Providing that the reduction in LAC happens as planned the impact on performance should be minimal. |
| Children and Families | Reduction in the need for Contact Services following reductions in numbers of LAC. | 30 | 50 | | 80 | Providing that the reduction in LAC happens as planned the impact on performance should be minimal. |
| Children and Families | LAC Commissioning Savings flowing from the work of the North London Strategic Alliance | 150 | 0 | | 150 | Reduction in price paid may result in reduction in choice of placements |
| Children and Families | Review of the Fostering and Adoption services to achieve better value for money outcomes | 50 | 75 | | 125 | This proposal is anticipated to improve the performance and value for money of the service. |
| Children and Families | Reduction in SEN transport costs | 100 | 150 | | 250 | Provision of more local places at the Brook and Riverside have reduced our costs and improved our offer to families. |
| Prevention and Early Intervention | Consolidation of arrangements for Youth Offending, Alternative Provision and Behaviour Support services to achieve efficiencies. | 150 | 100 | | 250 | A review is underway of management and service delivery in YOS, Alternative Provision and YCP. We intend to rationalise the offer and deliver efficiencies through a more unified approach. |
| Total Children's Services | | 3,025 | 2,975 | 0 | 6,000 | |

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| Savings Proposals - Place & Sustainability | | | | | | |
|--|---|------------------|------------------|------------------|----------------|--|
| Directorate/Service Area | Efficiency & Saving proposal | 2013/14 £'000 | 2014/15 £'000 | 2015/16 £'000 | Total £'000 | Further information/Impact on Performance (Service Delivery) |
| | Business Unit | | | | | |
| P1 | Corporate Property Efficiency savings through centralisation of Facilities Management functions for all Council occupied buildings to achieve lower costs through standardisation and maximising purchasing power. | 25 | 75 | | 100 | No adverse impact on service delivery is anticipated. |
| P2 | Corporate Property Efficiency savings in senior management, project management/support and information/administrative support through merger of Corporate Property and Capital Projects to form a new business unit: Property & Major Projects | 100 | 100 | | 200 | Majority of capital project delivery team funded by capitalisation against projects. Revenue savings predicated on more efficient use of shared resources and by maintaining fee charges at current prices. |
| P3 | PRE Additional income from Planning Fees | 25 | | | 25 | No impact |
| P4 | PRE Delete Team Leader Post in Service Management | | 80 | | 80 | Reduction in Management and Reallocation of Responsibilities across the Business Unit |
| P5 | PRE Reduce Management within Carbon Management Team | 75 | | | 75 | Reduction in Management given development of projects work under Assistant Director post |
| P6 | Leisure and Culture Allotments - increase in fees | 30 | 30 | | 60 | The increase will move charges from full cost recovery to a surplus position, and provide for £30K reinvestment in the service in 2013/14. |
| P7 | Leisure and Culture School Swimming - increase charges to schools | 70 | | | 70 | No direct impact on the delivery or sessions unless schools choose to cancel sessions |
| P8 | Leisure and Culture Amend Council policy to allow more events in Finsbury Park | 40 | 45 | | 85 | This will require a change in the Council's agreed policy for events in parks. The change would need to remove the restriction at Finsbury Park and develop policy to cover the cost of hiring and using all parks. |
| P9 | Leisure and Culture Deletion of Mobile Library Service | | 100 | | 100 | Reduce access to Library Services |
| P10 | Leisure and Culture Further reduction in Leisure Staffing | | 50 | | 50 | Limited impact, as part of a reduction and reorganisation of Service Commissioning and Client functions. |
| P11 | Single Front Line Restructure Enforcement response (noise service) to enable the deletion of 1 post | 40 | | | 40 | The service will reduce its operating hours by 10%. |
| P12 | Single Front Line Revision to Arrangements for Area Committees / Forums | 147 | | | 147 | To reduce the support to Area Committees which includes not supporting Area Action Plans and maintaining distribution lists. Also reducing the available level of support for Single Frontline consultations and engagement proposals. |
| P13 | Single Front Line Increase in pest control charges to Homes for Haringey by 2.5% | 19 | | | 19 | No impact |

A7

| Savings Proposals - Place & Sustainability | | | | | | |
|--|--|------------------|------------------|------------------|----------------|---|
| Directorate/Service Area | Efficiency & Saving proposal | 2013/14 £'000 | 2014/15 £'000 | 2015/16 £'000 | Total £'000 | Further information/impact on Performance (Service Delivery) |
| | Business Unit | | | | | |
| P14 | Single Front Line Change in Penalty Charge Notice Charge band across the borough. Higher band already in operation in Wood Green and this will bring the rest of the borough in line. | | 400 | | 400 | Parking compliance and income may be affected. |
| P15 | Single Front Line Re-organisation efficiency savings | | 100 | | 100 | No impact. |
| P16 | Single Front Line Increase in income received from North London Waste Authority as payments for commingled recycling (CIPS) | 100 | | | 100 | No impact on service delivery - the increased income is related to increases in levels of commingled recycled collected by the Council. |
| P17 | Single Front Line Conduct service review to rebalance street cleansing aligned with need | | | 200 | 200 | Any change in service will be predicated on minimising the potential impact on overall street cleansing performance targets. |
| | Place & Sustainability Grand Total | 671 | 980 | 200 | 1,851 | |

A8

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| Savings Proposals - Chief Executive | | | | | | | |
|-------------------------------------|---|------------------|------------------|------------------|----------------|--|--|
| Directorate/Service Area | Efficiency & Saving proposal | 2013/14 £'000 | 2014/15 £'000 | 2015/16 £'000 | Total £'000 | Further information/Impact on Performance (Service Delivery) | |
| Business Unit | | | | | | | |
| E1 | Reduce overtime, Member training and conference budgets | 45 | | | 45 | This proposal involves changing working practices to work more flexibly. It also means a reduction in Member training spend. | |
| E2 | Reduction to central marketing budget | 30 | 29 | | 59 | | |
| E3 | As the Council's workforce reduces some further reduction in the HR service can be made. | | 100 | | 100 | This proposal is likely to result in a reduction in services specific to Haringey. | |
| E4 | Secretariat support rationalisation | 60 | | | 60 | Impact will be managed. | |
| E5 | Likely reduction in canvassing costs following introduction of Individual Voter Registration. | | 35 | | 35 | Once IVR is implemented costs will shift from canvassing to initial registration. | |
| E6 | Centralising of all L&D, change and service improvement staff and budgets. | | | 60 | 60 | Impact manageable | |
| E7 | Reduction in the size and capacity of the communications and consultation service | 100 | 100 | | 200 | This saving will reduce the capacity of the work of the team. | |
| Total Chief Executive's Service | | 235 | 264 | 60 | 559 | | |

| Savings Proposals - Corporate Resources | | | | | | |
|---|--|------------------|------------------|------------------|----------------|--|
| Directorate/Service Area | Efficiency & Saving proposal | 2013/14 £'000 | 2014/15 £'000 | 2015/16 £'000 | Total £'000 | Further information/impact on Performance (Service Delivery) |
| | Business Unit | | | | | |
| R1 | N/A - financing adjustment | 900 | | | 900 | Infrastructure Renewal Programme will be delivered under budget and prudential borrowing will not be required |
| R2 | ICT | 500 | (500) | | 0 | None |
| R3 | ICT | | 100 | | 100 | None |
| R4 | ICT | | 500 | | 500 | Operational service levels will be reviewed to meet this reduced budget |
| R5 | Procurement | | 45 | | 45 | The reduction may impact upon performance. |
| R6 | Procurement | | 40 | | 40 | Will require changed processes across the council. |
| R7 | Audit and Risk | 150 | | | 150 | Operational processes to handle insurance claims against the Council will not be affected. |
| R8 | Audit and Risk | 10 | | | 10 | Operational processes will not be affected - audit plan will be kept under review to focus on high risk areas. |
| R9 | Audit and Risk | 40 | | | 40 | Operational processes may be affected depending on the areas identified for savings |
| R10 | Legal | | 325 | | 325 | Turnaround time on legal work will increase. The volume of legal work has to decrease in order to deliver these savings. |
| R11 | Corporate Finance | | 150 | | 150 | Will require buy in, across the organisation, to revised procedures & processes. |
| R12 | Revenues, Benefits and Customer Services | 20 | | | 20 | No impact. |
| R13 | Revenues, Benefits and Customer Services | 35 | | | 35 | Performance levels maintained |
| R14 | Revenues, Benefits and Customer Services | | 65 | | 65 | Role to be covered by other Assistant Heads in post. |
| R15 | Legal | 50 | | | 50 | None expected as the increased activity will be met from existing resources |
| | Total Corporate Resources | 1,705 | 725 | 0 | 2,430 | |

A10

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| Investment Proposals for consideration | | | | |
|---|--------------------------|--------------------------|--------------------------|------------------------|
| | 2013/14 £'000 | 2014/15 £'000 | 2015/16 £'000 | Total £'000 |
| Adults & Housing | 4,400 | 650 | 950 | 6,000 |
| Children's Services | 0 | 0 | 0 | 0 |
| Place & Sustainability | 100 | 0 | 0 | 100 |
| Chief Executive's Service | 0 | 310 | (310) | 0 |
| Corporate Resources | 0 | 0 | 0 | 0 |
| TOTAL | 4,500 | 960 | 640 | 6,100 |

All

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| Investment Proposals for consideration | | | | | | | |
|---|--|---|--------------------------|--------------------------|--------------------------|------------------------|--|
| | Directorate/Service Area | Proposed Use of Investment & Justification (KPIs etc) | 2013/14 £'000 | 2014/15 £'000 | 2015/16 £'000 | Total £'000 | Why is this needed? / What outcomes will be achieved? (e.g. impact on P.I.) |
| | Adults & Housing | | | | | | |
| A1 | Adults | Care Costs for Young People in transition from Children's to Adults Services. | 0 | 1,250 | 1,350 | 2,600 | Transition - To fund the care needs of young people when they leave school or reach 18 in 2013-16. All client groups. A total of 173 children over 3 years. |
| A2 | Adults | Care costs arising from NHS Continuing Care Reassessments | 3,600 | (200) | | 3,400 | To fund the increased care costs of Learning Disabilities and Mental Health clients transferred from Continuing Health Care Funding. |
| A3 | Housing | AST Incentives - homelessness prevention | 800 | (400) | (400) | 0 | Provision of incentives to private sector landlords for access to good quality private sector lets, allowing the Council to discharge duty to households who approach as homeless. |
| | Total Adults & Housing | | 4,400 | 650 | 950 | 6,000 | |
| | Place & Sustainability | | | | | | |
| P1 | PRE | Increased cost of neighbourhood Planning related work due to Localism Bill | 100 | | | 100 | To meet increased statutory requirements due to Localism Act and manage the growth in demand from Planning and Regeneration projects and additional changes in planning legislation. |
| | Total Place and Sustainability | | 100 | | | 100 | |
| | Chief Executive's Service | | | | | | |
| E1 | Elections | Funding for 14/15 Local Council Election | | 310 | (310) | 0 | Statutory requirement |
| | Total Chief Executive's Service | | | 310 | (310) | 0 | |

A12

Announcements to Pre-Agreed Savings

| Directorate/Service Area | Efficiency & Saving proposal | 2013/14 £'000 | 2014/15 £'000 | 2015/16 £'000 | Total £'000 | Reason for change |
|--|--|------------------|------------------|------------------|----------------|---|
| Corporate Resources | | | | | | |
| 1 Revenues, Benefits and Customer Services | Sharing or externalisation of call centre | 100 | | (100) | 0 | To be re-profiled from 13/14 to 15/16 and incorporated into savings derived from the review of the customer service offer. |
| 2 Corporate Finance | Review finance support post Support Functions Review. | 230 | (230) | | 0 | Requirement to re-profile to 2014/15 to enable a single staffing review to be undertaken alongside other 2014/15 savings. The effects of the significant SFR restructure in 2011 are still being experienced; 2013/14 would be too early and could destabilise the service. |
| 3 Corporate Finance | Increase debt collection of miscellaneous debts | 150 | | | 150 | Current income collection levels have not made this saving possible as proposed. |
| 4 Procurement | Reduction in accounts payable team | 100 | (100) | | 0 | Reduction in budget through staffing efficiencies will not be met in 2013-14, but will be actioned after the implementation of ONE SAP. E-invoicing solution to be implemented in 2014-15. |
| Total Corporate Resources | | 580 | (330) | (100) | 150 | |
| Chief Executives | | | | | | |
| 1 Cross Cutting | Reduce one head of service plus two managers | 200 | | | 200 | It is now proposed that this saving will be delivered by efficiencies and staff reductions across the Communications team. These are set out as new savings |
| 2 OD&L | Share OD Services with WF - this is a proposal to share the Head of OD and thereafter to look for a single OD service offer. Initial work has focussed on sharing training commissioned spend. | 50 | | (50) | 0 | To date £100k of saving have been delivered through the sharing of services with Waltham Forest and by not filling vacant posts. Any further savings can only be achieved by centralising spend on change, L&D and service development spend within the council, which is proposed as a new saving. |

Amendments to Pre-Agreed Savings

| Directorate/Service Area | Efficiency & Saving proposal | 2013/14 £'000 | 2014/15 £'000 | 2015/16 £'000 | Total £'000 | Reason for change |
|--------------------------|---|------------------|------------------|------------------|----------------|---|
| 3 OD&L | Review of OD&L - The review of Organisational Development activity will aim to improve the OD Service Offer to the council in the context of the need for savings and efficiencies. | 80 | | (80) | 0 | The service has delivered a budget reduction of 70% over 2011/12 - 2013/14 (£1.25m). The service is now shared with LBWF. Any further reductions need to be achieved by centralising training, change and service development resources and spend. Reprofile to 2015/16 over 2014/15. |
| Total Chief Executives | | 330 | 0 | (130) | 200 | |

| Place and Sustainability | | 2013/14 £'000 | 2014/15 £'000 | 2015/16 £'000 | Total £'000 | Reason for change |
|--------------------------------|---|------------------|------------------|------------------|----------------|--|
| 1 Corporate Property | Reduction in Office Accommodation and future savings through revised accommodation plan | 750 | (750) | | 0 | Saving for 2012/13 being achieved. For the remainder, savings identified to date fall short by £500K which is currently part of the property review work. Of the savings identified there is a slippage of £750K from 2013/14 into 2014/15 and future years. |
| 2 Single Front Line | Reduce Contract Monitoring of Veolia Contract | 212 | (212) | | 0 | Saving possible once contract has bedded in, incl. rollout of fortnightly collections. Request saving be slipped to 2014/15. |
| 3 Cross-Cutting | Savings on Security Costs at Customer Service Centre's | 32 | | | 32 | Saving will not be achieved in this way. Alternative savings have been made in the service. |
| Total Place and Sustainability | | 994 | (962) | 0 | 32 | |
| TOTAL | | 1,904 | (1,292) | (230) | 382 | |

ALL

NDART

HOUSING REVENUE ACCOUNT 2013/14 to 2015/16**1 Summary**

- 1.1 The report makes recommendations in respect of the Housing Revenue Account MTFP and capital programme 2013-18.
- 1.2 It also makes recommendations about HRA rent increases, service charges, and the future maintenance and improvements programme, on the basis of which overall financial assumptions for 2013-18 are recommended.
- 1.3 The report advises Cabinet of the current position in respect of the 30 Years' Business Plan.

2 Other options considered

- 2.1 The Council is required to approve an HRA budget and Capital Programme for 2013-14 and to set rent and service charges for the year. The report outlines the considerations the Cabinet should take into account and the options available to them in doing so.

3 Background information

- 3.1 Under the provisions of the Localism Act 2011, on 1 April 2012 the previous Housing Revenue Account subsidy system was abolished and replaced by a system of self-financing.
- 3.2 Under the new system housing authorities no longer receive HRA subsidy but are allowed to retain all rental income and make decisions on how to spend it to meet their local housing needs.
- 3.3 The introduction of Self Financing was accomplished with a final debt settlement between Central Government and Local Authorities. Although most authorities were required to take on additional debt, Haringey had £234 of its housing debt paid off.
- 3.4 The Council must set a balanced HRA budget each year, using rent and other revenue collected to manage and maintain its housing stock and to pay all interest and financing costs associated with its housing debt

4 Rent increases

- 4.1 Under the self-financing regime rents are the main source of income for the HRA and Cabinet continue to be required to make decisions annually on the level of increases. At the February meeting, Cabinet will be asked to agree a recommendation to Council.
- 4.2 For several years it has been the Council's policy to set rent increases in accordance with government policy following the rent restructure guidance. This policy is based on gradually increasing council housing rents to that they converge with typical rent levels of other social landlords.
- 4.3 Although the Council is not required to follow rent restructuring, the calculations underpinning the self financing model assume that it will do so and it will not be possible to meet the investment needs of Haringey's stock without achieving this level of income. Setting lower rents will reduce the income available to the HRA and

restrict the funding available for housing services and capital investment.

- 4.4 Conversely, although the Council has some freedom to set rent levels slightly above rent restructuring, in previous years the DWP has used the limit rent mechanism to restrict the Housing Benefit subsidy payable to councils who levy excessive rent increases. Clear guidelines of how this will work in 2013-14 have not yet been announced. However the introduction of Welfare Reform and the economic climate are likely also to make it difficult to collect large rent increases from tenants.
- 4.5 It is therefore recommended that Cabinet continues to follow their established policy with target rent increases for 2013-14 reflecting the September 2012 RPI announcement (2.6%) and convergence in April 2016.
- 4.6 The exception to this will be where a tenancy comes to an end and the property is relet to a new tenant. It is recommended that in such cases the rent should be raised immediately to the target rent thereby achieving convergence in advance of the main stock. The amount of additional income raised will be dependent on the properties that become vacant in year but is estimated to be in the region of £62k.
- 4.7 The average weekly dwelling rents with caps and limits applied according to the Government's restructuring policy will increase by £4.19 (4.45%) from £94.04 to £98.23. There will be differing increases across dwellings as set out below:

Forecast weekly dwelling rents for 2013-14 with caps and limits applied

| Number of Bedrooms | Number of Properties | Min Rent | Max Rent | Average Rent |
|--------------------|----------------------|--------------|---------------|--------------|
| 0 | 144 | 63.49 | 108.86 | 79.40 |
| 1 | 5,631 | 53.69 | 131.51 | 84.03 |
| 2 | 5,437 | 75.64 | 140.91 | 98.19 |
| 3 | 4,029 | 71.69 | 146.45 | 112.83 |
| 4 | 621 | 83.38 | 155.13 | 127.74 |
| 5 | 102 | 98.98 | 162.67 | 147.36 |
| 6 | 11 | 128.30 | 171.04 | 155.54 |
| 7 | 2 | 130.23 | 166.29 | 148.26 |
| 8 | 1 | 168.22 | 168.22 | 168.22 |
| Grand Total | 15,978 | 53.69 | 171.04 | 98.23 |

Percentage increase in weekly dwelling rents for 2013-14 with caps and limits applied

| No of bedrooms | Minimum | Maximum | Average |
|----------------|---------|---------|---------|
| | % | % | % |
| Bedsit | 1.3 | 6.5 | 4.8 |
| 1 | 1.0 | 7.1 | 4.4 |
| 2 | 2.2 | 5.9 | 4.5 |
| 3 | 2.1 | 6.1 | 4.4 |
| 3+ | 2.6 | 5.6 | 4.3 |
| All dwellings | 1.0 | 7.1 | 4.5 |

Range of changes

| Amount | Number of properties |
|-------------------------|----------------------|
| Less than £4.00 | 7092 |
| Between £4.00 and £5.00 | 5920 |
| Between £5.00 and £6.00 | 2741 |
| Between £6.00 and £7.00 | 225 |
| Total | 15,978 |

- 4.8 Were the Council not to implement the full increase the loss of rent would be £810k per annum for each 1% of reduced increase. This would reduce the revenue contribution to the capital funding available for the Decent Homes programme and is not recommended for that reason.
- 4.9 Alternatively, if the Council wished to raise additional rental income, Homes for Haringey have identified a way to raise an additional £490k that is not far out of line with the rent restructuring model and the limit rent. This would ensure that all rents increased by RPI + 0.5% + £2 except where a property was already at the maximum rent for its size. Under this scenario, most rent increases would be in the range 3.1% to 6%. The additional income would be available for investment in the decent homes programme or in additional services for tenants such as the cyclical maintenance programme.
- 4.10 Over 70% of the Council's tenants currently have at least part of their rent paid by benefits.
- 4.11 For financial planning purposes only at this stage the Cabinet are asked to agree the inclusion of the rent increases detailed in paragraph 5.7 above.

5 Service charges

- 5.1 In addition to rents, tenants need to pay separate service charges for specific services that they receive. Charges are currently made for the following services.
- Concierge services
 - Caretaking
 - Grounds maintenance
 - Street sweeping
 - Light and power
 - District heating
 - Water
- 5.2 The Council's policy has been to set charges to match budgeted expenditure unless this would be an increase of more than the limits used in rent restructuring in which case charges are increased by RPI + 0.5%. For 2013-14 this is equal to 3.1%. Except in unusual circumstances it has not been the policy to compensate for under

or over recovery in previous years. However charges will be adjusted for future years to avoid its continuance.

5.3 Based on current policy the following adjustments to charges are recommended:

| Charge | Recommended Increase | Forecast Income 2013/14 before review | Forecast Income 2013/14 after recommended changes | Forecast Additional Income |
|--|----------------------|---------------------------------------|---|----------------------------|
| | % | £ | £ | £ |
| Concierge | 1.8% | 1,475,700 | 1,531,600 | 55,900 |
| Grounds Maintenance | 2.8% | 1,212,200 | 1,269,900 | 57,700 |
| Caretaking | 3.1% | 2,165,700 | 2,276,800 | 111,100 |
| Street Sweeping | -2.5% | 1,539,300 | 1,530,100 | -9,200 |
| Communal Lighting | -29.5% | 1,254,800 | 901,600 | -353,200 |
| District Heating | 8.0% | 371,600 | 409,300 | 37,700 |
| Integrated Reception Service (Digital TV) | 0.0% | 347,000 | 387,100 | 40,100 |
| Estates Road maintenance | 2.2% | 219,500 | 228,700 | 9,200 |
| Water | n/a | - | 64,700 | 64,700 |
| Total Charges including Water Rates | 4.7% | 5,401,300 | 5,664,900 | 263,600 |

Forecast additional income based on number of Tenants x increase in charge x 98% (Recovery rate - i.e. 2% void and bad debts)

- 5.4 Reductions are recommended in Street Sweeping and Light and Power where the current level of charge is resulting in an over-recovery. For other service charges increases are recommended at the lower of 3.1% or full cost recovery.
- 5.5 Service charges other than District Heating charges are eligible for Housing Benefit. (District Heating charges are for the supply of heat from a central supply to individual properties. As such they are not considered to be part of the rental cost.)
- 5.6 A new charge has been proposed for bin and chute cleaning at £0.15 per week for relevant properties.
- 5.7 Homes for Haringey have been requested to give further consideration to other service charges that can be made in general needs or Sheltered Housing. If new proposed charges are identified these will be included in the final HRA rent setting report in February.

6 Revenue Budget and MTFP 2013-16

- 6.1 As part of the Council's budget strategy to generate efficiency savings, Homes for Haringey have been asked to reduce the portions of their Company Budget within their full control, that is excluding charges made by the Council, by 5% which equates to £1.787m.
- 6.2 In 2013-14 the bulk of this saving (£1.5m) will be made through a review of Housing Management services that is expected to increase productivity resulting in improved services, greater consistency of standards and decreased costs. The balance of

savings, £255k, will be met from back office services. Transitional costs and redundancies (38 FTE estimated) will be met from HRA reserves (subject to value for money consideration.)

- 6.3 Homes for Haringey have identified £652k savings for 2014-15 across a range of services and are developing further proposals to meet the rest of the target (£1.135m to be found.)
- 6.4 The net budget for the managed account which comprises most of the HRA income sources is estimated to realise increased net income of £3.6m arising largely from rent increases discussed above and additional service charges. However this is offset by the need to make an increased provision for bad debts. The level of bad debt has been increasing over recent years and this is expected to worsen following Welfare Reform Act changes including the benefits cap, the under occupation penalty and the payment of housing support to the tenant rather than the landlord under Universal Credit.
- 6.5 The retained Account shows an expenditure reduction of £0.7m arising mainly from the reduction in the Management Fee payable to Homes for Haringey (-£1.787m). However £425k of costs for Broadwater Farm Leisure Centre and ASBAT have been transferred to the HRA from the General Fund following a review of charges between accounts.
- 6.6 There is also new investment growth for activity to support the HRA Estate Renewal work (see below.) This is made up of a contribution to the Regeneration team of £225k for HRA specific activity and £550k one off costs for feasibility studies and other development work.

7 HRA Capital Programme

- 7.1 In recent years the Council's programme for maintaining its estate has depended mainly on subsidy determinations and supported borrowing. The capital programme for 2011-12 is £34.2m of which £16.3m is for a planned programme of works to maintain the stock condition.
- 7.2 In addition there is £15.5m earmarked for Decent Homes, funded from £6.45 Decent Homes Backlog Grant from the GLA and £9m from the HRA revenue surplus.
- 7.3 A further £2.45m is for specific capital projects including loft conversions and the development of Supported Living Schemes. This is funded from HRA internal sources.
- 7.4 Following the introduction of Self Financing, Council Officers and Homes for Haringey are developing a 30 year business plan that will set out the proposed use of HRA borrowing capacity and future income streams in order to improve and enhance the condition of the housing stock and support wider Council priorities and Regeneration aims. This is a complex piece of work and is not due to be finished until after the budget is finalised. It will be reported to Cabinet in the first half of next year. For this reason the later two years of the capital programme should be regarded as indicative only.
- 7.5 In order to ensure maximum flexibility for the Council in advance of completion of

the Stock Options Appraisal It is proposed that the capital programme for 2013-14 relies solely on internally generated resources . It is not planned to draw on the limited borrowing capacity nor on any capital receipts.

- 7.6 A proposed programme with commentary totalling £34.2m is included as Appendix 6. Funding is proposed as follows:

| Funding Source | £m |
|----------------------------|-------------|
| Decent Homes Grant | 6.5 |
| Internally generated funds | 27.7 |
| TOTAL | 34.2 |

- 7.7 Should any of the works cover leasehold properties the costs will be recoverable from the leaseholders and will not be a charge on the Council's resources.

Appendix 6

Draft Haringey Council Capital Programme 2013/14 to 2015/16

| Draft Capital Programme 2013/14 to 2015/16 | | Total Planned Expenditure Budget | | | Total Funding Source (3 yrs) | | | | | Section 106 | Use of reserves | Total |
|--|--|----------------------------------|------------------------------------|------------------------------------|------------------------------|--|--|---------------------------------|-------------------------|-------------|-----------------|---------------|
| Ref. No. | Name of Capital Scheme | Proposed Original Budget 2013/14 | Indicative Original Budget 2014/15 | Indicative Original Budget 2015/16 | Total | Grants & Contribution From Private Developers & Leaseholders | Capital Grants From The National Lottery | Capital Funding From GLA Bodies | Use Of Capital Receipts | £'000 | £'000 | £'000 |
| | Place and Sustainability | | | | | | | | | | | |
| 1 | Growth on the High Road - Tottenham Regeneration | 3,013 | 0 | 0 | 3,013 | 0 | 0 | 1,975 | 800 | 238 | 0 | 3,013 |
| 2 | Northumberland Park Accessibility and Parking | 3,296 | 547 | 1,483 | 5,326 | 0 | 0 | 2,626 | 2,700 | 0 | 0 | 5,326 |
| 3 | Green Lanes OLF | 1,359 | 0 | 0 | 1,359 | 0 | 0 | 1,078 | 0 | 225 | 56 | 1,359 |
| 4 | Tottenham Hale Gyralory | 500 | 1,778 | 0 | 2,278 | 900 | 0 | 0 | 1,378 | 0 | 0 | 2,278 |
| 5 | Lordship Lane | 160 | 0 | 0 | 160 | 0 | 160 | 0 | 0 | 0 | 0 | 160 |
| 6 | TTL - Corridors/Neighbourhood/Smarter Travel | 2,123 | 0 | 0 | 2,123 | 0 | 0 | 2,123 | 0 | 0 | 0 | 2,123 |
| 7 | TTL - Local Transport | 100 | 0 | 0 | 100 | 0 | 0 | 100 | 0 | 0 | 0 | 100 |
| 8 | TTL - Principal Road Maintenance | 760 | 0 | 0 | 760 | 0 | 0 | 760 | 0 | 0 | 0 | 760 |
| 9 | TTL - Bridges | 446 | 0 | 0 | 446 | 0 | 0 | 446 | 0 | 0 | 0 | 446 |
| 10 | TTL - Wood Green Town Centre | 3,600 | 0 | 0 | 3,600 | 0 | 0 | 3,600 | 0 | 0 | 0 | 3,600 |
| 11 | Repair & Maintenance of Council Buildings | 750 | 750 | 750 | 2,250 | 0 | 0 | 0 | 2,250 | 0 | 0 | 2,250 |
| 12 | Accommodation Strategy | 1,325 | 2,750 | 700 | 4,775 | 0 | 0 | 0 | 4,775 | 0 | 0 | 4,775 |
| 13 | Street Lighting | 400 | 400 | 400 | 1,200 | 0 | 0 | 0 | 1,200 | 0 | 0 | 1,200 |
| 14 | Planned Carrageway & Footway Maintenance | 4,000 | 500 | 500 | 5,000 | 0 | 0 | 0 | 5,000 | 0 | 0 | 5,000 |
| 15 | Road Safety & Structures | 150 | 150 | 150 | 450 | 0 | 0 | 0 | 450 | 0 | 0 | 450 |
| 16 | Bruce Castle | 200 | 0 | 1,000 | 1,200 | 0 | 0 | 0 | 1,200 | 0 | 0 | 1,200 |
| 17 | Borough Parking Plan | 300 | 100 | 0 | 400 | 0 | 0 | 0 | 400 | 0 | 0 | 400 |
| 18 | Homsey Town Hall | 1,100 | 2,100 | 2,100 | 5,300 | 0 | 0 | 0 | 5,300 | 0 | 0 | 5,300 |
| 19 | Tree planting programme | 65 | 0 | 0 | 65 | 0 | 0 | 0 | 65 | 0 | 0 | 65 |
| 20 | Down Lane Park - Master Plan Implementation | 250 | 0 | 0 | 250 | 0 | 0 | 0 | 250 | 0 | 0 | 250 |
| 21 | Capital Delivery | 50 | 50 | 50 | 150 | 0 | 0 | 0 | 150 | 0 | 0 | 150 |
| | Total Place and Sustainability | 23,947 | 9,125 | 7,133 | 40,205 | 900 | 160 | 12,708 | 25,918 | 463 | 56 | 40,205 |

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Draft Haringey Council Capital Programme 2013/14 to 2015/16

| Draft Capital Programme 2013/14 to 2015/16 | | Total Planned Expenditure Budget | | | Total Funding Source (3 yrs) | | | | Use of reserves | Total |
|--|---|---|---|---|------------------------------|---|---|----------------------------------|-------------------------------|---------------|
| Ref. No. | Name of Capital Scheme | Proposed Original Budget 2013/14 £'000 | Indicative Original Budget 2014/15 £'000 | Indicative Original Budget 2015/16 £'000 | Total £'000 | Capital Grants From Central Government Departments (Inc SCE/C) £'000 | Grants & Contribution From Private Developers & Leaseholders £'000 | Use Of Capital Receipts £'000 | Prudential Borrowing £'000 | £'000 |
| Children & Young People's Service | | | | | | | | | | |
| Secondary Schools | | | | | | | | | | |
| 22 | ICT MSP Contract | 400 | 0 | 0 | 400 | 400 | 0 | 0 | 0 | 400 |
| 23 | Lifecycle Works | 1,400 | 200 | 200 | 1,800 | 171 | 0 | 0 | 0 | 1,800 |
| | (A) Sub-total BSF Programme | 1,800 | 200 | 200 | 2,200 | 571 | 0 | 0 | 0 | 2,200 |
| Primary and Pre-School Programme | | | | | | | | | | |
| 24 | Broadwater Farm ILC | 2,646 | 0 | 0 | 2,646 | 1,263 | 0 | 0 | 1,383 | 2,646 |
| 25 | Rhodes Avenue Expansion to 3 FE | 3,479 | 1,177 | 87 | 4,743 | 1,763 | 0 | 2,033 | 947 | 4,743 |
| 26 | Rhodes Avenue cost of dispute | 500 | 0 | 0 | 500 | 500 | 0 | 0 | 0 | 500 |
| 27 | Mulberry Modernisation | 301 | 0 | 0 | 301 | 301 | 0 | 0 | 0 | 301 |
| 28 | Earlsmead - temporary expansion | 4 | 0 | 0 | 4 | 4 | 0 | 0 | 0 | 4 |
| 29 | Alexandra - Primary Expansion | 1,383 | 513 | 0 | 1,896 | 1,796 | 100 | 0 | 0 | 1,896 |
| 30 | Belmont - Primary Expansion | 1,460 | 1,724 | 0 | 3,184 | 1,724 | 0 | 0 | 1,460 | 3,184 |
| 31 | Weibourne - Primary Expansion | 2,660 | 1,146 | 0 | 3,806 | 1,146 | 0 | 0 | 2,660 | 3,806 |
| 32 | Primary Pupil Place expansion fund | 2,000 | 2,000 | 1,700 | 5,700 | 3,600 | 100 | 0 | 2,000 | 5,700 |
| | (B) Sub-total Primary and Pre-School Programme | 14,433 | 6,560 | 1,787 | 22,780 | 12,097 | 200 | 2,033 | 8,450 | 22,780 |
| Planned Asset Improvement | | | | | | | | | | |
| 33 | Planned and reactive condition works | 1,000 | 500 | 500 | 2,000 | 1,792 | 0 | 0 | 208 | 2,000 |
| 34 | School Kitchen enhancements | 200 | 200 | 200 | 600 | 600 | 0 | 0 | 0 | 600 |
| 35 | Electrical Infrastructure upgrades | 281 | 8 | 0 | 289 | 289 | 0 | 0 | 0 | 289 |
| 36 | Carer Home adaptations | 100 | 100 | 100 | 300 | 100 | 0 | 0 | 200 | 300 |
| | (C) Sub-total Planned Asset Maintenance | 1,581 | 808 | 800 | 3,189 | 2,781 | 0 | 0 | 408 | 3,189 |
| 37 | Devolved Capital | 550 | 550 | 550 | 1,650 | 1,650 | 0 | 0 | 0 | 1,650 |
| 38 | Programme Delivery Costs | 800 | 800 | 800 | 2,400 | 2,400 | 0 | 0 | 0 | 2,400 |
| 39 | Programme Contingency | 1,064 | 0 | 2,213 | 3,277 | 2,213 | 0 | 0 | 1,064 | 3,277 |
| | (D) Sub-total | 2,414 | 1,350 | 3,563 | 7,327 | 6,263 | 0 | 0 | 1,064 | 7,327 |
| | Total Excluding BSF (B+C+D) | 18,428 | 8,718 | 6,150 | 33,296 | 21,141 | 200 | 2,033 | 9,922 | 33,296 |
| | Total Children & Young People | 20,228 | 8,918 | 6,350 | 35,496 | 21,712 | 200 | 2,033 | 9,922 | 35,496 |

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Draft Haringey Council Capital Programme 2013/14 to 2015/16

| Draft Capital Programme 2013/14 to 2015/16 | | Total Planned Expenditure Budget | | | | Total Funding Source (3 years) | | | |
|--|---|---|---|---|----------------|---|-----------------------|----------------------------------|----------------|
| Ref. No. | Name of Capital Scheme | Proposed Original Budget 2013/14 £'000 | Indicative Original Budget 2014/15 £'000 | Indicative Original Budget 2015/16 £'000 | Total £'000 | Capital Grants From Central Governments (inc SCE(C)) £'000 | Other Grants £'000 | Use Of Capital Receipts £'000 | Total £'000 |
| Adults and Housing | | | | | | | | | |
| 40 | Major Adaptations in Non Council Owned Properties | 1,536 | 1,536 | 1,536 | 4,608 | 2,508 | 0 | 2,100 | 4,608 |
| 41 | Compulsory Purchase - empty properties | 500 | 500 | 500 | 1,500 | 0 | 0 | 1,500 | 1,500 |
| Total Adults and Housing | | 2,036 | 2,036 | 2,036 | 6,108 | 2,508 | 0 | 3,600 | 6,108 |

Draft

Draft Haringey Council Capital Programme 2013/14 to 2015/16

| Draft Capital Programme 2013/14 to 2015/16 | | Total Planned Expenditure Budget | | | Total Funding Source (3 yrs) | | | | | |
|--|---------------------------------------|---|---|---|------------------------------|--|--|-----------------------------|---|----------------|
| Ref. No. | Name of Capital Scheme | Proposed Original Budget 2013/14 £'000 | Indicative Original Budget 2014/15 £'000 | Indicative Original Budget 2015/16 £'000 | Total £'000 | Capital Grants From Central Government Departments (inc SCE(C)) £'000 | Capital Funding From GLA Bodies £'000 | Financing From HRA £'000 | Financing From Major Repairs Reserve (MRR) / Major Repairs Allowance (MRA) £'000 | Total £'000 |
| Housing Services (Housing Revenue Account (HRA))* | | | | | | | | | | |
| 42 | Mechanical and Electrical | 1,250 | 1,250 | 1,250 | 3,750 | 0 | 0 | 0 | 3,750 | 3,750 |
| 43 | Asbestos Removal | 100 | 100 | 100 | 300 | 0 | 0 | 0 | 300 | 300 |
| 44 | Boiler Replacements and Major Repairs | 3,500 | 3,500 | 3,500 | 10,500 | 0 | 0 | 0 | 10,500 | 10,500 |
| 45 | Lift Improvements | 2,181 | 2,181 | 2,181 | 6,543 | 0 | 0 | 0 | 6,543 | 6,543 |
| 46 | Structural Works | 200 | 200 | 100 | 500 | 0 | 0 | 0 | 500 | 500 |
| 47 | Capitalised Repairs | 4,400 | 4,150 | 4,150 | 12,700 | 0 | 0 | 0 | 12,700 | 12,700 |
| 48 | Extensive Void Works | 1,450 | 1,621 | 1,450 | 4,521 | 0 | 0 | 0 | 4,521 | 4,521 |
| 49 | Decent Homes | 15,500 | 35,480 | 30,938 | 81,918 | 33,931 | 0 | 37,658 | 10,329 | 81,918 |
| 50 | Aids and Adaptations | 1,200 | 1,200 | 1,200 | 3,600 | 0 | 0 | 0 | 3,600 | 3,600 |
| 51 | Professional Fees | 1,671 | 1,750 | 1,750 | 5,171 | 0 | 0 | 0 | 5,171 | 5,171 |
| 52 | Energy Efficiency Programme | 100 | 0 | 0 | 100 | 0 | 0 | 0 | 100 | 100 |
| 53 | Conversions/Employment | 250 | 0 | 0 | 250 | 0 | 46 | 204 | 0 | 250 |
| 54 | Development Opportunities | 300 | 0 | 0 | 300 | 0 | 0 | 300 | 0 | 300 |
| 55 | Infill | 1,150 | 0 | 0 | 1,150 | 0 | 0 | 1,150 | 0 | 1,150 |
| 56 | Loft Conversions | 250 | 0 | 0 | 250 | 0 | 0 | 250 | 0 | 250 |
| 57 | Supported Living | 500 | 500 | 500 | 1,500 | 0 | 0 | 1,500 | 0 | 1,500 |
| 58 | Estate Improvements | 200 | 200 | 200 | 600 | 0 | 0 | 600 | 0 | 600 |
| 59 | Other Capital Works | 0 | 3,686 | 0 | 3,686 | 0 | 0 | 3,686 | 0 | 3,686 |
| Total Housing Services (Housing Revenue Account) | | 34,202 | 55,818 | 47,319 | 137,339 | 33,931 | 46 | 45,348 | 58,014 | 137,339 |

Draft Haringey Council Capital Programme 2013/14 to 2015/16

| Draft Capital Programme 2013/14 to 2015/16 | | Total Planned Expenditure Budget | | | Total Funding Source (3 yrs) | | | |
|---|--|---|---|---|------------------------------|----------------------------------|--|----------------|
| Ref. No. | Name of Capital Scheme | Proposed Original Budget 2013/14 £'000 | Indicative Original Budget 2014/15 £'000 | Indicative Original Budget 2015/16 £'000 | Total £'000 | Use Of Capital Receipts £'000 | Financing From General Fund Revenue Account £'000 | Total £'000 |
| Corporate Resources, Assistant Chief Executive & Cross-Directorate | | | | | | | | |
| 60 | IT Capital Programme | 250 | 250 | 250 | 750 | 750 | 0 | 750 |
| 61 | Alexandra Park & Palace - regeneration | 850 | 250 | 350 | 1,450 | 0 | 1,450 | 1,450 |
| 62 | Alexandra Park & Palace - maintenance | 500 | 500 | 500 | 1,500 | 1,500 | 0 | 1,500 |
| Total Corporate Resources, Assistant Chief Executive & Cross-Directorate | | 1,600 | 1,000 | 1,100 | 3,700 | 2,250 | 1,450 | 3,700 |

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HRA 2013-14 Capital Programme Commentary

1. **Mechanical and Electrical – £1.25m**
 - 1.1 Approximately half of the budget will be spent on the re-wiring of landlord's electrical supply to blocks and the other half on planned maintenance and repairs to existing door entry systems.

2. **Asbestos Removal – £0.100m**
 - 2.1. This budget funds the testing, removal and management of asbestos containing materials (ACMs) identified during responsive repair works. This work is essential to enable responsive repairs work to be completed safely and ensure that ACMs are safely managed in homes and communal areas. Sometimes where appropriate, the work is carried out by sealing or encasing the asbestos, rather than removing it.

3. **Boiler Replacements and Major Repairs – £3.500m**
 - 3.1 This budget funds the replacement of boilers, together with major repairs such as the replacement of heat exchangers, on a reactive basis.
 - 3.2 Although a boiler has an expected life of 15 years, many boilers are considerably older than this and should be replaced. Modern energy efficient boilers that Homes for Haringey is now installing have a life expectancy of only 12 years.
 - 3.3 The proposed budget is broadly consistent with advice received from Homes for Haringey that an annual budget of £4m be provided to support a planned approach to boiler replacement.

4. **Lift Renewal – £2.181m**
 - 4.1 This budget funds the replacement of lifts that have reached the end of their useful life. Lifts have an expected life of between 15 and 20 years, and lift replacement programmes require long lead-in periods because of the specialist nature of the work and the bespoke requirements of each lift.
 - 4.2 There are 142 lifts in the Council's housing stock. Currently approximately 60 lifts are identified for renewal. Each of these lifts is more than 20 years old, and several are significantly older.
 - 4.3 In recent years the lift replacement programme has not been keeping pace with obsolescence causing considerable inconvenience to residents. The regular lift servicing programme has identified the need to replace more lifts in future years to ensure continued service for residents. The budget was increased in 12-13 to help clear the backlog and this higher level of funding will continue into 13-14.

5. **Structural Works – £0.600m**

- 5.1 This budget funds essential structural works including, for example, underpinning, concrete repairs and brickwork repairs.
6. Capitalised Repairs - £4,000m
- 6.1 This budget funds capital works (such as kitchen renewal, bathroom renewal and the installation of new central heating systems) that are carried out, as part of the responsive repairs programme, to renew items that are beyond economic repair. Repairs to void properties account for a significant amount of expenditure within this budget. The budget has been reduced in 2013-14 in line with expected expenditure.
7. Extensive Void Works - £1.650m
- 7.1 This budget funds the repair and improvement of void properties that require major works before they can be re-let.
- 7.2 The proposed budget has increased from £1.350 in 2012-13 partly to deal with the impact of the reduction in the Decent Homes programme and the need to focus on the external fabric and services. As a result kitchen and bathroom replacements in void properties, which would previously have been part of the Decent Homes programme, must now be funded separately.
8. Professional Fees - £1.671m
- 8.1 This budget funds the professional fees for quantity surveying and other professional advice and support to the programme.
9. Decent Homes - £15.5m
- 9.1 The GLA has allocated Decent Homes backlog grant of £6.45m in 2013-14 to make an estimated 359 homes decent. It is proposed that an additional £9m is allocated for 2013/14 from HRA internal resources.
- 9.2 A separate report is due to be presented to Cabinet in December recommending agreement of a detailed programme. The programme will again be focused on making the external fabric of all our stock wind and weatherproof but also includes essential boiler renewal and rewiring.
10. Aids & Adaptations - £1,200m
- 10.1 This demand-led budget funds the adaptation of council homes and the provision of disabled facilities for council tenants and members of their household.
11. Energy Conservation - £0.100m

- 11.1 This project allows for the installation of low cost but high impact measures, including loft/cavity wall installation and central heating controls, and provides for start up / matched funding to attract additional investment from other funders.
12. Conversions and Worklessness - £0.250m
- 12.1 The aim of this project is to identify innovative ways of making best use of existing council owned assets to maximise affordable housing in the borough and assist in tackling worklessness in the borough with the recruitment of work placements.
- 12.2 A small grant of £46k has been provided by the GLA to support this scheme so the net call on HRA resources is £204k
13. Development Opportunities - £300k
- 13.1 This is a project to invest in our housing estates in a way that provides new housing (both for market sale and social rent), brings back into use derelict and under-used parcels of land; contributes towards the creation of mixed and balanced communities; and provides training opportunities for local people.
- 13.2 Land agreements will be entered into with developers and registered providers for them to build on infill sites of HRA land that have development potential. The value in the land is used by the Council to invest in the development with a contractual provision that the developer transfers a proportion of the completed units to council ownership to be let at social rent as council housing; and agrees to share its developer's profit to provide a capital receipt in respect of any units sold on the open market.
14. Infill - £1.150m
- 14.1 This bid is similar to the preceding one but focused on infill sites such as underused garages, car parks and empty spaces within a number of estates.
- 14.2 Schemes will only be brought forward where they support the Council's objectives and show individual cost effectiveness and value for money. The Council will look to use sites in the east of the borough to introduce market housing to the area while sites in the west will be used to maximise affordable housing in support of the Council's aims to meet the housing challenge in the borough. The aim will be to utilise the funding to generate additional external investment and income and this will be clearly set out in individual scheme proposals.

15. Loft Conversions - £0.250m

15.1 The aim of the project is to provide overcrowded households living in council property the opportunity to have their loft converted to provide an additional bedroom. Such works would resolve the overcrowding while allowing the family to remain in their current home and area where they are already settled. This project will build on the successful conversion programme of the last three years.

15.2 The programme will be focused in the North Tottenham area in support of the Council's priority to meet the Housing Challenge in Haringey..

16. Supported Living Schemes - £0.5.

16.1 This project will support the refurbishment of five to eight properties for supported living, each accommodating up to five people with either learning difficulties or another social care need.

16.2 The properties require investment beyond that needed for Decent Homes Standard. The delivery of such schemes enables significant reductions in commissioning spend through improved Value for Money care delivery and supports national and local policy objectives for Social Care by providing greater independence and choice for Adults with Disabilities.