

Xanthe Barker

020 8489 2923

28 September 2011

To: To all persons receiving the Cabinet agenda

Dear Member,

Cabinet - Tuesday, 4th October, 2011

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

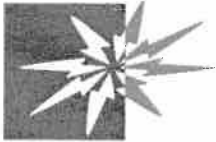
8. FINANCIAL PLANNING 2012/13 - 2014/15 (PAGES 1 - 40)

(The report of the Director of Corporate Resources to be introduced by the Cabinet Member for Finance and Carbon Reduction) . The Cabinet will consider the Medium Term Financial Plan covering the three years to March 2015, with a revised assessment in each of the next three years of the financial resources available to the Council and to make initial budget proposals for 2012-15 for scrutiny and external consultation , the outcomes of which will inform the Cabinet's recommendations to the Council for its revenue budget estimates 2012-13 and Medium Term Financial Plan 2012-15.

Yours sincerely

Xanthe Barker
Principal Committee Coordinator

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Haringey Council

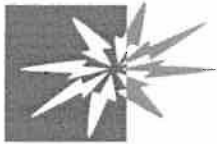
Report for:	Cabinet 4 th October 2011	Item number	To be added by the Committee Section
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Title:	Financial Planning 2012-13 to 2014-15 – mid year budget update
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Report authorised by :	<i>J. Parker 28/9/11</i> Director of Corporate Resources
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Lead Officer:	Kevin Bartle – Lead Finance Officer kevin.bartle@haringey.gov.uk Telephone 020 8489 5972
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Ward(s) affected: All	Report for Key/Non Key Decision: Key
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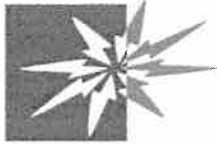
Haringey Council

1. Purpose of the report

- 1.1. To provide an update to the Council's Medium Term Financial Plan covering the three years to March 2015 and to make initial budget proposals for 2012-15 in order to address the reported budget gap. The plan will be released for scrutiny and external consultation, the outcomes of which will inform the Cabinet's recommendations to the Council for its revenue budget estimates 2012-13 and Medium Term Financial Plan 2012-15.

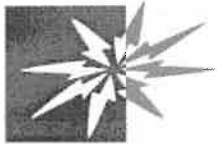
2. Introduction by the Cabinet Member for Finance and Carbon Reduction – Councilor Joe Goldberg

- 2.1. In February 2011 I presented a budget following, what by all accounts, was the most brutal settlement from central government in the history of the London Borough of Haringey.
- 2.2. As a headline I laid out how, when combining a view of the cuts to our grant funding, and the anticipated pressures on our service we would be forced to make cuts to our budgets totaling some £84m, roughly equivalent to £3 in every £10 we had.
- 2.3. We also highlighted how damaging to the future of our services not only the scale of the cuts would be, but the speed at which we had to make them, with a level of frontloading half the total amount needing to be removed from our baseline revenue account by March of this year (2011).
- 2.4. The MTFP at that stage set out how we would balance the budget for the current financial year (2011-12), and identified an initial set of savings, but left a gap of some £21m to be found. This report seeks to outline how we intend to close this gap.
- 2.5. At the risk of repeating ourselves, it feels important to state that this council warned of the implications of cutting too deep, and too fast. We believed the cuts would not only be damaging to our frontline, and to the lives of residents, but also to the prospects of economic recovery.
- 2.6. At the time of publication, the prospects for the economy have take a turn for the worse, and unemployment is on the rise with Tottenham now suffering the highest level of unemployment in all of London, which is increasing as expected pressures and demands across the Council Services, to the extent that since May 2010, we are managing 60 new benefit claims every working day in this borough.

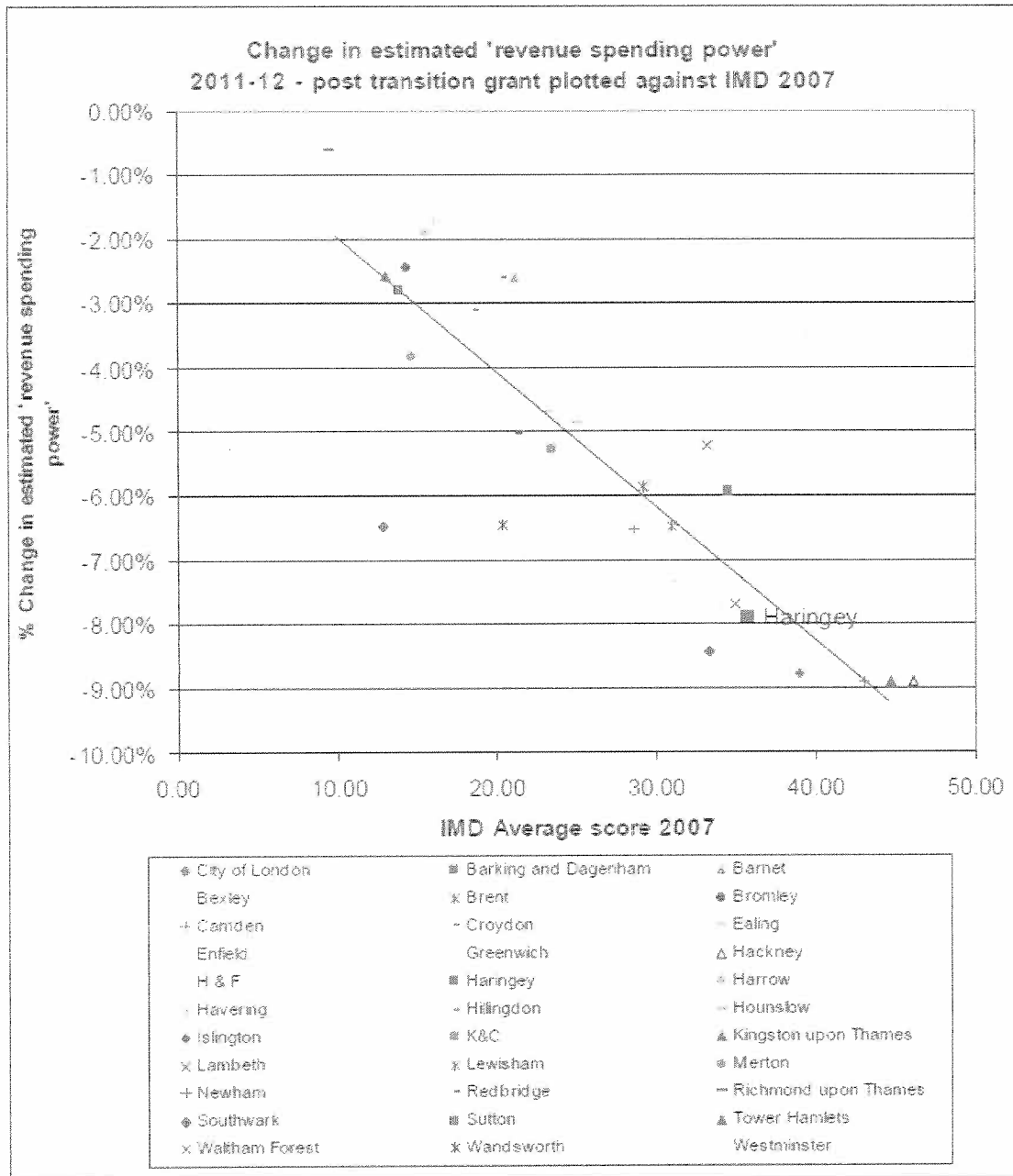


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- 2.7. In this context it feels particularly despicable that the government has decided to assign a far greater proportional cut to the budgets of those boroughs serving populations with the highest Indices of Multiple Deprivation. It is hard to accept that the cuts handed to the people of our borough by the government are some 13x higher than those of Richmond-upon-Thames and 30x higher than Dorset and while I do not wish to knock more money coming to our authority through the Pupil Premium, again there is an extremely perverse distribution when the likely impact on our budgets is compared to those in Home Counties such as Surrey County Council.

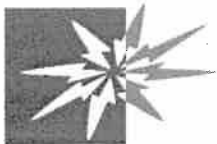


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2.8. At this time there is still much uncertainty ahead, both for the Council, but more importantly the most vulnerable residents in our society as the government continues to pursue its neo-liberal ideological agenda, through reform and cuts to benefits, the Localism benefit, the Local Government Resource Review and the pursuit of Academies - all of which pose as many challenges as they do opportunities, if not more.

2.9. The fact that such a savage level of spending cuts will lead to further closure of services which are so highly valued by residents, carers and



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users is a cause of great anguish for this council, which has prided itself on its values of public service and social justice. However, despite making the deepest cuts to our back office functions such as communications, policy, finance, procurement and IT, it would be disingenuous to pretend we can take the £84m out of our budget base, and still deliver the same level and quantum of service that our residents have come to receive.

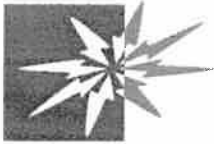
- 2.10. In this context I remain committed to reducing our public subsidy for Alexandra Palace, and look forward to hearing its new Chief Executive bring forward plans for its regeneration outlining its path to self-sustainability.
- 2.11. To that end we will continue to work in an environment of huge political and economic uncertainty and austerity. Consideration of these proposals now will ensure we can consult widely, develop robust implementation plans ensuring we are in a strong position to make final budget recommendations to the Council in February 2012, so that we can begin to move forward to help shape our Borough, to build a better society, and in doing so fulfill our shared ambition for its future.

3. Recommendations

- 3.1. Cabinet is recommended:
 - a) to note the latest revenue financial forecasts for 2012-14 as set out at paragraph 9.39 and Appendix 1;
 - b) to approve in principle the new savings proposals set out in Appendix 2 for review by the Overview and Scrutiny Committee and for external consultation;
 - c) at its meeting on 20th December, to consider further the revenue budget proposals 2012-13 and the proposals for the MTFP 2012-15 informed by responses to the consultation and scrutiny reviews set out at (b) above.

4. Other options considered

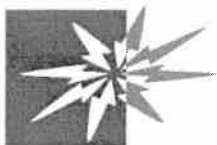
- 4.1. The report proposes the Cabinet should consider draft proposals to deliver a balanced and sustainable MTFP 2012-15.
- 4.2. This is considered to be a prudent approach in the light of the experience of last year's process, together with the unprecedented scale of savings required as a consequence of the government's current public sector expenditure plans and the continuing increases in demand for the Council's services.



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5. Background

- 5.1. In July 2011 the Cabinet considered a report which rehearsed the political and financial context which made it necessary for the Council to identify reductions in planned spending of £84m over the period 2011-14, £41m of which was successfully addressed in the Council's agreed budget for 2011-12.
- 5.2. These reductions are necessary as a result of the government's programme of public spending reductions. In the programme as set out in the Spending Review 2011-15, published in October 2010, which set out plans to reduce average local government funding by approximately 29% over the four years 2011-15.
- 5.3. In particular, the government has decided to distribute asymmetrically the proportional reduction in spending power to local authorities, with Haringey among the authorities facing the deepest proportionate reductions to their budget.
- 5.4. The Council agreed a council tax freeze for 2011-12 and the budget was agreed in the context of a level of financial reserves that was considered to be adequate. However, as noted at the time, the Council faces an incredibly challenging savings programme to be achieved within a 12 month period.
- 5.5. The government's spending plans to 2015 will continue to put strains on the Council's available funding and the demand for the Council's services, particularly from the most vulnerable in our society, will continue to increase.
- 5.6. The Cabinet noted the initial review of financial assumptions for the period 2012-15 set out in the July report and requested Directors to identify draft proposals to deliver a balanced and sustainable MTFP 2012-15 for the Cabinet's consideration at this meeting.
- 5.7. This report sets out these new budget proposals as requested, together with the latest information on the national financial context and our current view on local risks and assumptions. These have been reviewed again over the summer, and are also informed by the latest position on the current year 2011-12.
- 5.8. These latest proposals are consistent with the overall strategic approach the Council agreed last year and which drove the proposals for the Budget 2011-12 and the MTFP 2011-14.



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

5.10. 'Re-thinking Haringey' also sets out the Council's plans for transforming its approach to delivering services. It describes the vision for the kind of borough the Council is striving for and outcomes to achieve that vision for 2011 onwards:

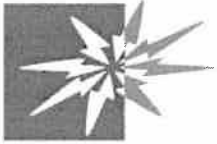
One Borough One Future- Ambition for a better society

The single-minded goal of Reducing Inequality is seen to be delivered through the key five levers laid out in the Sustainable Community Strategy:

- **Thriving** – regenerating the borough; creating opportunities for employment and educational attainment; tackling low income and poverty; providing a balance of different types of homes which offer quality, affordability and sustainability;
- **Healthier** – tackling health inequalities amongst children and adults, promoting healthier lifestyles and independence;
- **Safer** – reducing incidents and fear of crime and anti-social behaviour; safeguarding children and adults;
- **Sustainable** – tackling climate change and managing our environmental resources more effectively; ensuring an attractive, clean sustainable environment;
- **Empowered** – promoting opportunities for community involvement and volunteering; enabling self-reliant communities.

5.11. The Council remains committed to shaping and building, with our partners across all sectors, a Haringey that is a more thriving, healthier, safer, sustainable place, empowering its residents and communities.

5.12. In this context, the Council developed a programme of budget changes to meet the budget shortfalls 2011-15.



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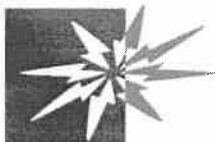
- 5.13. The three key strands the programme of budget savings are:
- the support functions review, through which ‘back office’ efficiencies will be delivered;
 - ‘strategic service reviews’ – to identify those services that will be reduced or discontinued, ensuring resources are prioritised to the most vulnerable in the Borough through changes such as re-configuration, shared services and social enterprises;
 - Developing a ‘strategic commissioning’ function, to focus our resources on our desired outcomes.
- 5.14. As noted in July, these approaches enabled the Council to set its MTFP 2011-14 in February 2011, including the 2011-12 budget which itself included savings of £41m. Further savings of £21m were identified for 2012-14, resulting in an overall funding gap of £21m in the MTFP.
- 5.15. Revisions to assumptions and re-programming of savings agreed by the Cabinet in July 2011 reduced the overall MTFP gap to £19.0m; £3.8m in 2012-13 and £15.2m in 2013-14.
- 5.16. The government’s spending plans to 2015 will continue to put strains on the Council’s finances, during a period in which demand for the Council’s services – particularly from the most vulnerable in our society – will continue to increase.
- 5.17. The additional proposals now put forward in this report to address the MTFP funding shortfall are consistent with the strategic approach developed last year (summarised above) and will be key to achieving a balanced revenue budget in 2012-13 and to reducing the budget shortfall in 2013-14.
- 5.18. The Cabinet recognises risks remain and that much could change before February 2012 when the Council approves its budget for 2012-13, including government funding, and potential variations in base budgets and pressures.
- 5.19. The Council usually prepares a three year MTFP rolled forward annually. This year the MTFP will be rolled forward to include 2014-15 and proposals will be brought to a future meeting of the Cabinet.
- 5.20. However, as noted in the report to the Cabinet in July, given the lack of definitive information and the uncertainties yet to be resolved by government, it is difficult to make realistic or helpful planning



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assumptions at this stage for 2014-15.

- 5.21. It is not anticipated such planning assumptions will be developed until further detail becomes available from government, including the outcomes of the government's Resource Review and the provisional Local Government Finance Settlement. These are expected to be announced in late November or early December.
- 5.22. The Council also approved its Capital Programme in February 2011. As with revenue spending and funding, there are a number of constraints and risks facing the Council, in the context of significant reductions in government funding – for example reductions in Decent Homes funding and in a range of capital grants.
- 5.23. A review of the Council's capital spending plans is underway and proposals for capital spending and financing for the period 2012-15 will be brought to the Cabinet in December.
- 5.24. In accordance with best practice, key assumptions, risks and opportunities underpinning or informing the formulation of proposals to balance the 2012-13 budget and the MTFP 2012-15 have been reviewed.
- 5.25. Such regular reviews are essential as the financial environment is not stable. Further information comes to light over time, and there are factors outside of the Council's direct control which will require us to revise our original assumptions.
- 5.26. Significant risks that could affect either the level of service and service delivery costs and / or funding sources include the impact of general economic factors such as interest rates and the level of inflation.
- 5.27. The outcomes of this review are set out below as follows: national context; local context, latest position in the current year 2011-12; and other risks and opportunities.
- 5.28. It must again be stressed that some of the assumptions underpinning the MTFP will inevitably change again before the 2012-13 budget is set by the Council in February 2012. The government will make announcements, estimated funding allocations will be finalised, new matters will come to the fore and budget projections will change. Any such changes will all need to be taken account of as the year progresses.



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6. National context

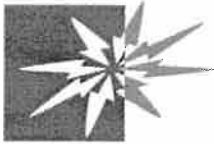
- 6.1. The Cabinet is aware of the government's legislative programme, which was summarised in the Financial Planning report to Cabinet in July 2010. An update on some key issues is provided below.
- 6.2. The government has legislated to expand the Academies programme through the Academies Act 2010, to include primary, secondary and special schools. Initially only 'outstanding' schools could automatically be considered, however now any school that is 'performing well' can apply. In addition the government has been discussing with some authorities, including Haringey, options for improving the performance of a number of primary schools including the suggestion of 'Academisation'.
- 6.3. Two secondary schools in Haringey are now going through the process of converting to Academy status, one is scheduled for a 1st October conversion with the other also likely to be converted during 2011-12. To the extent that schools convert there is an immediate impact upon Dedicated Schools Grant (DSG) resources.
- 6.4. During July the government launched a consultation on the 'appropriate methodology for calculating the Local Authority Central Services Equivalent Grant (LACSEG) topslice'. This consultation raised the possibility of additional resources being removed from the Council's Formula Grant allocations in both 2011-12 and from the provisional 2012-13 settlement already announced. The MTFP already reflects the removal of £625k from the Council's 2012-13 Formula Grant allocation, although the consultation suggests that, as a result of the significantly increased numbers of schools converting to Academy status, the overall size of the topslice could double in size and potentially have a significant impact on the Council's MTFP. The outcome of the consultation which closed in August is still awaited.
- 6.5. The government's Localism Bill will bring dramatic changes to the local government landscape, and there is still a great uncertainty on the impact on place, population, resource base and resilience of the Borough. A key strand of this policy is a reform of public finance through Housing Revenue Account [HRA] self-financing.
- 6.6. This is intended to give local authorities the ability to take a long term approach to investment in housing stock, rather than planning on a year by year basis. This will be achieved by a one off adjustment to councils' housing debt, and allowing councils to retain all of the rental



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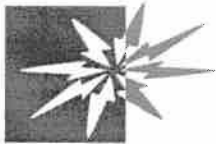
income they collect. This change will come into effect from April 2012.

- 6.7. Haringey is undertaking a strategic review of options for delivering the future housing needs of the borough, based on the nature and investment needs of the council's housing stock, as agreed by the Cabinet in April 2011. A 30 years financial plan will be developed which will inform medium term investments and priorities and recommendations will be brought to the Cabinet in December.
- 6.8. Funding social care demand and cost pressures remains a major challenge for local authorities, information on forecast demographic changes data is included later in this report. In July the Cabinet noted the Commission on Funding of Care and Support, chaired by Andrew Dilnot, had set out its recommendations on 4th July 2011 on how long term social care should be paid for. These included a cap on individual contributions, a national set of eligibility criteria, with portability so that if people move they take their needs assessment with them, and a re-branding of attendance allowances. The government will be setting out its response to these recommendations and has indicated it wants to take this opportunity to create a system that provides high quality, personalised care and gives people more choice and control over their own care.
- 6.9. As part of its Local Government Resource Review the government is currently consulting on proposals for a Business Rates retention scheme that will be implemented from April 2013. Currently, Councils receive their funding from three major sources: grants from government; council tax and other locally generated income such as fees and charges for services. One of the major components of government funding is 'Formula Grant', comprising Revenue Support Grant and National Non Domestic Rates [Business Rates].
- 6.10. Business Rates are collected by councils but they are currently paid into a national pool to be redistributed as part of Formula Grant with each council's share being calculated by a complex formula.
- 6.11. This system means councils do not have any financial incentive to promote business growth in their area. The government wants to give councils a strong incentive to promote local business growth and to make councils less financially dependent on central government. It is consulting on changes which would enable councils to keep a share of the growth in business rates in their area.
- 6.12. The government is not proposing any changes to the way businesses pay or the way the tax is set – rate setting powers will remain under the control of central government. Councils' current powers to



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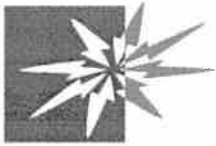
- introduce a Business Rate supplement will be amended by proposals in the Localism Bill to ensure a referendum of local businesses is required to authorise any such supplement.
- 6.13. The consultation sets out a range of potential technical arrangements to ensure a fair starting position from April 2013, and to strike a balance between rewarding councils for growing their business rate tax base and the need to re-distribute resources according to spending pressures. The government also is seeking to provide some financial protection to those councils who experience significant drops in business rates and/or who are less able to grow their business rates. The government suggests the whole system could also work for councils working together.
 - 6.14. The government has invited responses to its proposals by 24th October.
 - 6.15. The Government's Welfare Reform Bill proposed a number of changes to the welfare system some of which are proposed to come into effect over the period to 2011-14. A key proposal is the abolition of the current Council Tax Benefit [CTB] scheme which is administered by local authorities on rules set out by central government. This would be replaced by a new scheme which would sit outside the proposed new Universal Credit payment. Each local authority is expected to receive un-ring fenced special grant based on 2012-13 baseline expenditure but 10% reduced funding for those residents who are currently entitled to benefit.
 - 6.16. The government is committed to protecting some groups, in particular low-income pensioners, which will impact on the funding left to support those of working age on low incomes. Based on Haringey's current CTB caseloads a 10% reduction in financial support equates to a circa £4m pressure on the revenue budget.
 - 6.17. Furthermore, under current arrangements, local authorities receive a specific grant to meet the cost of administering both Housing and Council Tax Benefit, which is based on caseloads. The Welfare Reform Bill proposes to centralise the administration and payment of the Housing Benefit scheme which will clearly impact on the level of administrative support available to local authorities to administer the local CTB schemes moving forward. Government consultation on these proposals is underway and ends on 14th October.
 - 6.18. The proposals appear to represent a transfer of financial risk from the government to councils as they would have to manage the costs of a



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demand-led benefit from a fixed and smaller pot of funding.

- 6.19. From April 2011, Housing Benefit [HB] entitlements are subject to new Local Housing Allowance rates at the 30th percentile of market rents (previously set at 50%). The new rates are transitionally protected until January 2012, but there is a risk claimants will be forced to seek accommodation at the cheaper end of the market, or stay in their homes and make financial sacrifices. Claimants who are unlikely to be able to afford to live in expensive areas of inner and Central London may move to outer London boroughs such as Haringey. This will bring an increased Housing Benefit caseload and all the associated costs for services within the borough – such as children’s services etc.
- 6.20. It is not yet known how these changes will impact on the HB Administration Grant as we currently administer Housing Benefit for 41,000 claimants, who will move onto Universal Credit, but we will still be required to support 35,000 claimants who receive assistance with their Council Tax.
- 6.21. In July 2011 the government published its Open Public Services White Paper. It sets out the government’s vision for a more diverse market in public services, with a greater role for third sector organisations and private companies in service delivery. The White Paper identifies five principles for reforming public services, drawing on a range of previous policy announcements and legislation. These are: increasing choice; devolving public services to the lowest appropriate level; opening public services to a range of providers (including the social, third and private sectors); ensuring fair access to public services and ensuring accountability and responsiveness of public services.
- 6.22. The government has launched a website to encourage feedback on the White Paper. In November the government will set out how departments intend to implement the principles set out and from April 2012 departments will be required to produce regular progress reports, setting out the steps that have been taken to open up public services.
- 6.23. The Public Health White Paper - Healthy Lives, Healthy People confirmed the transfer of some Public Health duties to local authorities from April 2013. In line with the government’s New Burdens Doctrine, public health ring-fenced grants will be made to local authorities from 2013-14 with a view to issuing shadow budgets for 2012-13. Grants will be based on the 2010-11 outturn as a baseline and action is currently underway to re-visit these figures in consultation with local authorities as it is critical authorities are aware of both their new responsibilities and also how proposed funding compares to existing



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levels of financial support.

7. Local context

- 7.1. Recommendations on bridging the budget gap over the period 2012-15 will be driven not only by the national context set out above but also local priorities and specific opportunities and initiatives. Two examples are set out below.

Tottenham Riots

- 7.2. Following the Prime Minister's statement to the House of Commons on 11th August about the Government's response to the **recent riots**, the Secretary of State for Communities and Local Government wrote on 16th August to a number of Council Leaders whose local authority areas were affected, to outline the package of recovery funding available from the Department for Communities and Local Government (DCLG).
- 7.3. There have been a number of announcements of funding to address the longer term consequences of the civil disturbances. The Council are actively making claims against the High Street Support and Recovery schemes.

Alexandra Park and Palace

- 7.4. The Council currently subsidises the Alexandra Park and Palace Charitable Trust by £2.1m (2011-12 budget). As part of the Council's overall budget strategy the Trust has been asked to find savings within their budgets of £500k in order to reduce their reliance on the Council. Additionally, the Trust is currently undertaking a regeneration project, being chaired by the Council's Director of Place & Sustainability examining the options for the Trust to bring in partners in order to move the Trust to a more sustainable position.

8. Current year 2011-12

- 8.1. As at the close of period 4 (July 2011), an overall current year budget pressure of £2.25m is being projected. The reported pressures within the Place & Sustainability and the Chief Executive's directorates are both expected to be contained within available resources and the projected slippage on the Children's Centres savings proposal is expected to be managed.



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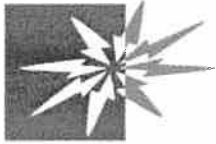
- 8.2. The gross budget pressure within the safeguarding budget for 2011-12 is £2.7m reducing to £1.6m net following the application of grant funds. There are also consequential pressures on the Council's Legal budget, high demand for which was noted by the Cabinet in July. The management objective remains to achieve a balanced legal services budget by the year end. The current safeguarding projection is based on an increase in Looked After Children (LAC) compared to the budget assumption. Various actions are underway within Children and Families to address the current position including management action associated with a review of all high cost placements, measures to bring all staffing costs in line with budgets and an on-going spending embargo for non-essential expenditure.
- 8.3. Adult and Community Services are experiencing pressures in the current financial year, despite a high level of challenge with NHS Haringey to try to contain this pressure, due to NHS Continuing Health Care reviews completed by NHS North Central London. These are resulting in loss of NHS Continuing Health Care funding for a number of very high risk, vulnerable people in need of specialist NHS and social care services and the full cost of care being passed to Adult and Community Services. To date (period 4) the cost of these cases transferred to Haringey Council has been circa £0.5m, with further reviews anticipated. Currently the service is able to manage this pressure due to one off funding carried forward from 2010/11. This will not be available in future years. Should this position continue, aspects of adult services performance will be affected.
- 8.4. In addition to the above there are further potential pressures across all directorates arising variously from increased demand, revisions to assumptions and budget profiles that are currently being addressed but do present a risk for 2011-12 onwards. These will be kept under close scrutiny over the remainder of this financial year and recommendations brought to Cabinet as necessary.

9. Other risks and opportunities 2012-13 and 2013-14

- 9.1. The main risks and opportunities are summarised below:

Risks

- Reduction in service standards / performance
- Increased service demand
- Impact of Housing Benefit and other welfare changes
- Delay or non-delivery of savings proposals
- Inflation
- Shortfall in revenue due to the economic climate



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- Outstanding and pending legal claims
- Further reductions in joint NHS funding
- Increase in bad debts.

Opportunities

- New freedoms and flexibilities
- New income streams as a result of legislative changes.

9.2. As stated earlier some of the current assumptions underpinning the MTFP will inevitably change again before the 2012-13 budget is set in February 2012.

9.3. The latest position on a number of these is set out below. A further update will be reported to the Cabinet in December.

Service Demand and cost pressures

9.4. Data from the recent census is not expected to be available until 2014. The latest available estimates suggest London's population is set to rise by 9% [0.7 million] over the next ten years, placing increased pressure on local authority services. ONS estimates that by 2035, 23% of the population will be aged 65 years or over compared to 17% in 2011 – with the numbers aged 85 years and over being 2.5 times larger than in 2010, representing some 5% of the total population. For Haringey the population of those over 65 years old is projected to increase by 4% by 2014, including an increase of 11% of those aged 90 years and above.

9.5. The approved MTFP also includes planned increases for demographic growth including the cost of transition of children to adult services. However, the current plan assumes no further demographic growth will be provided, the assumption being that services will need to make efficiencies elsewhere to fund any pressure. This particular growth item was based on 61 children transferring during 2012/13. There is a potential risk that this number could increase and Adults Service are working with Children's Service to validate these figures.

9.6. As reported in earlier in this report, Adult and Community Services are experiencing pressures in the current financial year due to NHS Continuing Health Care reviews completed by NHS North Central London. The current mitigating measures will not be available in future years and consideration will need to be given to how this potential pressure will be managed.



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- 9.7. The above assumptions will be rigorously reviewed in the light of ongoing experience in the current year and revised assumptions will be put forward for the MTFP 2012-15 if necessary in future Cabinet reports.
- 9.8. As part of the 2011-12 budget additional resources of £7.4m were added to the Children's Services budget in order to fund demographic and associated budget pressures in connection with the numbers of Looked After Children (LAC). This growth was provided in conjunction with a range of management actions which were estimated to yield reductions in costs in this area in future years. As a result the 2011-14 MTFP included reductions in budget provision of £1.98m and £0.74m in 2012-13 and 2013-14 respectively.
- 9.9. In the first part of the financial year the numbers of LAC excluding unaccompanied minors, have continued to rise above the level assumed in setting the budget (576) and they now (September 2011) stand at around 600. There is therefore substantial risk in being able to achieve the target reductions set out in the MTFP. In order to mitigate this risk the Chief Executive has commissioned work to be overseen by a Children's Services Transformation Board to identify actions to bring the Children's Services budget back into line with budget provision including future years' agreed reductions.

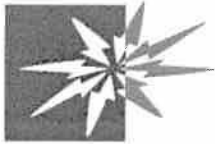
Delay or non-delivery of savings proposals

Achieving currently approved savings

- 9.10. The risks associated with delivering the unprecedented sum of £41m of savings in 2011-12 were recognised in setting the budget and MTFP. In July the Cabinet endorsed the deferment and re-programming of £3.6m of savings in the new MTFP 2012-15. These risks are being kept under constant review.
- 9.11. The MTFP assumes a saving of £2.5m from 2012-13 which was intended to be achievable as an outcome of the review of Terms and Conditions. This saving will not now be achieved. These reduced savings will be funded by a reduction in the pay award provision of £2.5m.

Government Funding and Council Tax constraints

- 9.12. Following the government's Spending Review in the autumn of 2010, the Local Government Finance Settlement reduced the overall level of funding and consolidated many specific grants into Formula Grant.



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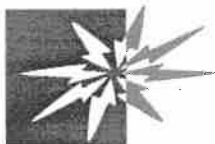
- 9.13. A detailed summary of the distribution methodology of government funding of local authorities was set out in the report to the Cabinet in February 2011. The government made some significant changes for 2011-12 and beyond, including the defining of 'estimated revenue spending power' as a council's combined income from government grants and council tax, and as a baseline against which funding reductions would be compared.
- 9.14. The grant 'floors' mechanism also changed – councils were grouped into four bands with different floors.
- 9.15. The number of separate specific grants was reduced from over 90 to 10 new 'core grants.'
- 9.16. At this stage there have been no assumptions made on any further changes in 2011-15, although some change is likely following the government's 'Local Government Resource Review' currently underway.
- 9.17. Although the Spending Review covered the period 2011-15, the Local Government Finance Settlement only addressed 2011-12 and 2012-13.
- 9.18. The vast majority of specific grants that remain are now 'un-ring fenced'.
- 9.19. The reductions outlined in this report were 'front loaded' with just under 50% of the reductions needing to be made in the current financial year.

Council Tax

- 9.20. The Localism Bill provides for the replacement of capping powers with the introduction of 'binding referenda' for 'excessive' council tax increase proposals. The government would establish the threshold for 'excessive' each year.
- 9.21. The Bill has had its Third Reading in the House of Commons and moved to Report Stage in the House of Lords in September. If passed into law the referenda would come into effect for council tax increases for 2012-13. At this stage we have no indication of the level at which 'excessive' increases will be defined.

Core Grants

- 9.22. The government has announced the level of spending on schools was being maintained at current cash levels for the period of the Spending



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Review (to 2014-15). As a consequence the only variation anticipated in the level of the Direct Schools Grant (DSG) for 2012-13 would be as a result of changes in the number of pupils.

- 9.23. However, the level of the Pupil Premium, which targets disadvantaged pupils through the use of a Free School Meals proxy measure, is anticipated to double nationally in 2012-13. If that increase is replicated at a local level, this measure would generate an additional amount of around £4m for schools, although its incidence across schools is variable depending on levels of Free School Meals.
- 9.24. The government is currently consulting (until 11th October) on further changes to the school funding system, although the intention is that any changes will not be implemented until 2013-14. A 'shadow' settlement for 2012-13 is suggested in the document to allow schools to plan for any changes in their level of funding arising from those changes which are eventually implemented. The consultation contains, amongst other proposals, suggestions for changes to the Area Cost Adjustment methodology that should benefit Haringey schools.

Other Spending and Financing Changes and Variations

- 9.25. The MTFP 2011-14 as agreed by the Council in February resulted in budget shortfalls of £6.8m and £14.5m in 2012-13 and 2013-14 respectively.
- 9.26. A number of assumptions were agreed in February 2011 regarding a number of general cost pressures the Council will face over the planning period. These 'Changes and Variations' were updated as reported to the Cabinet in July.
- 9.27. These changes, endorsed by the Cabinet, amended the budget gaps to £3.8m in 2012-13 and £15.2m in 2013-14.
- 9.28. A number of further changes to those assumptions are now proposed as set out below.

Inflation and pay provisions

- 9.29. The government's projections for the Consumer Price Index [CPI] of inflation set out in the Spending Review were 2.4% in 2011, 1.9% in 2012 and 2.0% in 2013 and 2014. Currently CPI is 4.5%. Provisions of £7m and £7.5m were established for 2012-13 and 2013-14 respectively, to cover both anticipated pay and price inflation.



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- 9.30. As noted at paragraph 9.11, it is now proposed to reduce the pay provision for 2012-13 by £2.5m. No other changes are proposed at this stage but the assumptions will be closely monitored and a further update will be reported to the Cabinet in December.

Other provisions

- 9.31. The Council's financial plan includes provision for its share of costs of the North London Waste Authority's programme to procure and operate a new waste disposal facility. The latest assumptions are that the facility will not become operational until 2014-15 or 2015-16. The MTFP has been amended accordingly.
- 9.32. Other NLWA charges for waste disposal continue to increase due to the impact of increasing Landfill Tax and ongoing procurement costs.
- 9.33. The cost of Concessionary Fares is likely to increase further in 2012-13 due to increased usage. At this stage the potential impact on Haringey could be an additional £500k above our previous assumptions and this estimate has been included in the MTFP. The final figure will not be known until early in 2012.
- 9.34. As part of the move to self financing of housing, approximately £240m of the Council's PWLB debt will be repaid by central government. This will be done by repaying a proportion of every outstanding PWLB loan at 1st April 2012. The precise impact of this and the complex interactions between the General Fund and the HRA are being evaluated, in conjunction with the Council's treasury management advisers. Recommendations will be brought to the Cabinet in December, regarding both the Council's General Fund and HRA. At this stage no changes in debt financing assumptions have been made but it is expected to result in a saving due to the fact that in addition to PWLB debt, the Council has loans from banks at a lower average rate than those with the PWLB.
- 9.35. Appendix 3 summarises the latest position on 'Changes and Variations' taking account of both the changes endorsed by the Cabinet in July and the further changes now proposed as set out above.

New savings proposals

- 9.36. In July the Cabinet noted the initial review of financial assumptions for the period 2012-15 and requested Directors to identify draft proposals to deliver a balanced and sustainable MTFP for the Cabinet's



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consideration at this meeting.

- 9.37. These proposals are set out in detail at Appendix 2. At this stage the Cabinet is recommended to approve these in principle pending review by the Overview and Scrutiny Committee and external consultation.
- 9.38. These total £12.1m by 2014, of which £5.4m is planned to be achieved in 2012-13 and £6.7m in 2013-14. Over the three year MTFP the proposed savings total £14.1m up to 31 March 2015.
- 9.39. The impact on the current MTFP budget shortfall of all the revised assumptions set out in this report together with the new savings proposals set out at Appendix 2 is summarised below in Table 1 and in Appendix 1. Clearly more work is required before the position to 31 March 2014 is balanced and indeed the third year of the new MTFP when the funding picture becomes clearer.

Table 1	2012/13 £m	2013/14 £m	Total £m
1 Budget shortfall at February 2011	-6.8	-14.5	-21.3
2 Re-programming of savings	-2.3	-1.3	-3.6
3 Revisions to assumptions	5.3	0.6	5.9
4 Budget shortfall at July 2011	-3.8	-15.2	-19.0
5 Revisions to assumptions	-0.5	0.9	0.4
6 New savings proposals	5.4	6.7	12.1
7 Latest budget surplus (+) / shortfall (-)	1.1	-7.6	-6.5

10. Financial Year 2014-15

Financing – government funding

- 10.1. The government is planning to reduce funding for local authorities by an average of 29% over the four years up to and including 2014-15. Given the lack of definitive information and the uncertainties yet to be



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resolved by government we are not at this stage making any specific financial planning assumptions for 2014-15 until further detail from the government is available. But overall we expect austerity to continue.

10.2. The following are examples of material changes that could affect our finances in 2014-15:

- Changes in core and specific grants
- NHS funding
- Use of 2011 census data
- The outcomes of the Local Government Resource Review, affecting Formula Grant and aspects of the government's welfare reforms
- New Homes Bonus and other funding incentives provided by the government
- Inflation and interest rate changes.

Redundancies

10.3. On setting the MTFP for 2011-14 in February 2011 an estimated cost of £25m for redundancies was estimated, as a result of the transition programme the Council is undertaking, to be funded primarily from reserves. A capitalisation bid was made to the government for 2011-12. £4.277m has been approved. This will reduce the pressure on funding of the £25m; but there are no plans at this stage to reduce the overall cost estimate of £25m given the overall medium term financial context and outlook.



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11. Budget Timetable 2012-13

11.1. The key activities and dates are set out in Table 2, below.

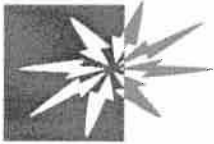
Table 2 Outline Budget Timetable

	Action	Date(s)
1.	Cabinet considers draft proposals for MTFP	4 October 2011
2.	Leader's Conference on the Budget	6 October 2011
3.	Budget Scrutiny Scoping Meeting	10 October 2011
4.	External Consultation on draft proposals	To November 2011
5.	Budget Scrutiny Review Panel meetings to scrutinise three Budget themes	3, 7 & 14 November 2011
6.	Overview and Scrutiny Committee make recommendations from the scrutiny process to Cabinet	November 2011
7.	Cabinet receives Scrutiny recommendations, outcomes from the consultation and makes recommendations on Revenue and Capital spending and financing proposals	20 December 2011
8.	Cabinet makes final Budget 2012-13 and MTFP 2012-15 recommendations to Council	7 February 2012
9.	Council agrees Budget, Council Tax 2012-13 and MTFP 2012-15	20 February 2012

12. Summary

12.1. The report summarises the progress the Council has made since the approval of its Budget 2011-12 and MTFP 2011-14 in February 2011, especially since the previous report to the Cabinet in July. The conclusions of the latest review of key assumptions on revenue spending and funding are reported, together with a series of further savings proposals for 2012-14.

12.2. As a result the previously estimated Budget shortfall for 2012-13 has been eliminated, and that for 2013-14 significantly reduced on the



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basis of the Cabinet's latest draft proposals, which are subject to both scrutiny and consultation. This report emphasises, however, that a significant number of risks remain and uncertainties to be addressed prior to the Council formally approving its budget for 2012-13 in February 2012. Furthermore the report highlights the continuing uncertainty for 2014-15 although it is expected austerity in public finances will continue.

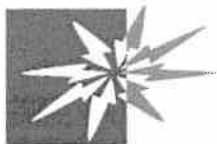
- 12.3. A similar review of assumptions and challenges on capital is being undertaken and recommendations will be brought to Cabinet in December.
- 12.4. This approach will ensure the Cabinet is well placed to consider its formal budget proposals to the Council in February 2012 following consultation with the public and the Overview and Scrutiny Committee, along with other key stakeholders during the autumn.
- 12.5. The Council will formally agree its Budget 2012-13 and MTFP 2012-15 in February 2012.

13. Chief Financial Officer Comments and Financial Implications

- 13.1. This report is presented by the Chief Financial Officer.

14. Head of Legal Services Comments and Legal Implications

- 14.1. The Budget and policy Framework procedure rules are set out in Part Four Section E of the Constitution and reflect both the statutory requirements on Local Authorities in relation to budgets and this Council's approach to setting budgets. It is for the Cabinet to approve the proposals and then submit to Full Council who set the budget.
- 14.2. The Council must have due regard to its public sector equality duties under the Equality Act 2010 when taking final decisions on the savings proposals and this, in appropriate cases, will include the carrying out of equality impact assessments and considering the results of these before taking final decisions. This applies whether it is the Cabinet or Directors taking final decisions on the individual saving proposals. Where any necessary consultation is required then this must also be completed and taken into account before final decisions on individual proposals are taken. The Council will also need to ensure that any proposals, if approved, do not result in a situation where the Council is unable to perform its statutory obligations.



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14.3. The Council's Overview and Scrutiny procedure rules provide that the Overview and Scrutiny Committee (OSC) shall undertake scrutiny of the Council's budget through a Budget Scrutiny Review Panel. The procedure by which this Panel should operate is detailed in the protocol covering the OSC. This involves the Budget Scrutiny Review Panel selecting 3 themes by which budget scrutiny will be carried out at 3 separate sessions. The recommendations from the Panel, ratified by the OSC, shall be fed back to the Cabinet.

15. Equalities & Community Cohesion Comments

15.1. The Council must pay due regard to its public sector equality duties with regard to race, gender and disability and should also take into account the provisions of its equality scheme with regard to age, religion or belief and sexual orientation.

15.2. Prior to making any final decisions on any proposals that may be brought forward in the medium term financial planning process the Council will assess the impacts of those by conducting Equality Impact Assessments [EqIAs], starting with an initial screening which considers whether there is a need for a full assessment.

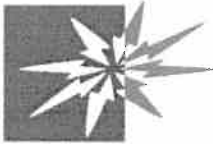
15.3. A key element of the Council's EqIA process is consultation and engagement with the public, service users, community groups, the voluntary sector and our partners. All final decisions on proposals that require an impact assessment must take into account the outcomes and recommendations of the EqIA.

16. Policy Implications

16.1. The Council's Medium Term Financial Plan and Revenue Budget provide financial resources necessary to deliver the Council's statutory duties and local priorities defined by and set out in the Community Strategy and Council Plan.

17. Consultation

17.1. Public engagement and consultation remains a key central government policy driver and is also a legislative requirement for a wide range of functions. Proportionate public engagement and consultation activity on the Council's medium term financial planning and/or budget setting processes will be undertaken in the autumn.



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18. Use of Appendices

- Appendix 1 - Summary of the MTFP to 2014
- Appendix 2 – Latest savings proposals 2012-15
- Appendix 3 – Changes and Variations

19. Local Government (Access to Information) Act 1985

- Financial Planning 2012-13 to 2014-15 – Cabinet 19th July 2011.
- Medium Term Financial Planning 2011-12 to 2013-14 – Council 24th February 2011.
- Medium Term Financial Planning 2011-12 to 2013-14 – Cabinet 8th February 2011.
- Financial Planning 2011-12 to 2013-14 – Cabinet 13th July 2010

SUMMARY OF THE MEDIUM TERM PLAN TO MARCH 2014

	2011-12	2012-13	2013-14
	£m	£m	£m
Net Service cost	307.8	286.1	273.9
Changes and Variations	23.6	11.2	18.9
Prior year Agreed Growth	-0.6	-0.2	-
Prior year Agreed Savings	-3.6	-0.3	-
Total Funding Requirement before Savings	327.2	296.8	292.8
Core/ Specific Grants	29.2	26.5	26.5
New Homes Bonus	1.2	1.2	1.2
Formula Grant	153.2	141.2	137.8
Council Tax	102.5	105.0	107.6
Total Projected Available Funding	286.1	273.9	273.1
Total Savings Requirement	-41.1	-22.9	-19.7
Savings agreed	41.1	16.1	-5.2
Budget gap to be bridged by savings plans over the period per Council February 2011	0	-6.8	-14.5
Re-programming of savings	0	-2.3	-1.3
Revisions to assumptions	0	5.3	0.6
Budget shortfall at July 2011	0	-3.8	-15.2
Further revisions to assumptions	0	-0.5	0.9
New proposals	0	5.4	6.7
Revised Budget surplus (+) / shortfall (-)	0	1.1	-7.6

Appendix 2

Savings Proposals for consideration	2012/13				2013/14				2014/15				Total			
	£'000				£'000				£'000				£'000			
Adults & Housing	1,997				1,590				0				3,587			
Children's Services	747				978				810				2,535			
Place & Sustainability	1,165				1,494				800				3,459			
Chief Executive's Service	1,065				900				50				2,015			
Corporate Resources	400				1,685				390				2,475			
TOTAL	5,374				6,647				2,050				14,071			

Key for Equality Impact Assessments.

The Key shows firstly the nature of the savings proposals - either a Staff Restructure (SR) or a Service Review (Serv). Each Directorate may have a number of such re-structures and reviews. Staff Restructures may comprise a number of specific savings shown in separate rows in the tables attached. Secondly, the nature of the EqIA is indicated. For Staff Restructures a single Full EqIA is required. For Service Reviews either a 'Screening' is required, being an initial assessment which may lead to a 'Full' 'EqIA' which is an analysis of the likely equalities implications of the proposed change.

Savings Proposals - Adults & Housing									
Directorate/Service Area	Detailed Efficiency & Saving proposal	2012/13 £'000	2013/14 £'000	2014/15 £'000	Total £'000	Impact on Performance (Service Delivery)	EIA 2012-13		
Adults & Housing Business Unit									
1 Adults	Reduce Staffing - Framework-1 Team	35	35		70	Medium. This area has been highlighted as a potential for shared services which could yield greater efficiencies, for example, further reduction in management costs.	SR		
2 Adults	Shared service - Joint Equipment Store	60			60	Exploring the possibility of sharing equipment stores with other local authorities resulting in efficiencies across the service.	Serv - Screening		
3 Adults	Administrative Officer - Delete one post	33			33	Medium. The reduced staffing will mean that work will be re-prioritised accordingly ensuring that all key objectives will be met.	SR		
4 Adults	Delete a PA post	34			34	Medium	SR		
5 Adults	Redesign Learning Disabilities Transport provision	158			158	Medium, but less flexibility. Those people who are assessed as needing transport will still continue to do so in the same way.	Serv - Full EqJA		
6 Adults	Reduce payments to Learning Disabilities residential providers for day opportunities outside the home	70	55		125	Medium impact. Costs will be reduced where there is duplication in cost, e.g. an individual attending day services whilst the Council are paying the residential home for 24 hour care.	No EqJA needed		
7 Adults	Reduce admin/business support for Safeguarding Service	20			20	Medium. Minute-taking responsibilities will continue to be provided by alternative methods.	SR		
8 Adults	Delete 1 x Social Worker Post	50			50	Medium. Work will be re-prioritised accordingly.	SR		
9 Housing	Reduce Assured Shorthold Tenancy guarantees budget	200			200	Medium - Risk that Landlords stop offering tenancies to homeless clients if incentives are not higher. This could lead to an increase in homeless acceptances.	Serv - Full EqJA		
10 Adults/Housing	Service re-design - Supporting People		1,500		1,500	Medium. The Supporting People programme has been significantly reduced in 2011/12. However, the majority of contracts expire in 2012/13 giving an opportunity for the service to be remodelled over the next 2 years and further efficiencies to be made from 2013/14 onwards.	Serv - Full EqJA		

Savings Proposals - Adults & Housing									
	Directorate/Service Area	Detailed Efficiency & Saving proposal	2012/13 £'000	2013/14 £'000	2014/15 £'000	Total £'000	Impact on Performance (Service Delivery)	EIA 2012-13	
11	Adults	Reablement service efficiency improvement	501			501	Medium. The new Reablement Service has been re-modelled. Low risk of optimal reablement service not being achieved as further efficiency improvements will ensure throughput remains at a high level.	Full EqIA in progress	
12	Housing	Remodelling of services to allow service delivery with fewer staff	836			836	Medium - Risk that this level of staff cuts will significantly reduce our ability to meet statutory requirements, and to continue to achieve current standards of quality, service performance and customer care.	SR and Serv Full EqIAs	
	Total Adults & Housing		1,997	1,590	0	3,587			

Savings Proposals - Children's Services									
	Directorate/Service Area	Detailed Efficiency & Saving proposal	2012/13 £'000	2013/14 £'000	2014/15 £'000	Total £'000	Impact on Performance (Service Delivery)	EIA 2012-13	
	Business Unit								
	Children's Services								
1	Children and Families	Children & Families - staffing reductions		250	750	1,000	The reduction in staffing is associated with reduced numbers of Looked after Children ; the phasing of the saving assists in ensuring that workloads remain manageable.	Not for this year	
2	Children and Families	Residential Homes	300	200		500	Any reduction in the capacity of the homes will require alternative external provision to be procured for those children who would otherwise have been placed in the internal residential homes.	Serv - Full	
3	Children and Families	No Recourse to Public Funds	100	200		300	The reduction in costs and associated staffing flows from either the removal of clients to their country of origin or, by allowing leave to remain, access to the UK benefits system. If successful there should not be an impact upon the service received by those who continue to be entitled to support from the Council under the relevant legislation.	SR - Full	
4	Prevention and Early Intervention	Service Management	100	200		300	The service areas involved have statutory casework responsibility for children who do not attend school, are excluded from school or are at risk of exclusion or are missing from education due to mobility or other issues. The savings are proposed over a two-year period in order to maintain stability of management and supervision of frontline casework during the period of change. Service users should not be affected by this proposal as it will be achieved through efficiencies in management and administration without any loss to front-line capacity.	SR and Serv Full	

Savings Proposals - Children's Services									
Directorate/Service Area	Detailed Efficiency & Saving proposal	2012/13 £'000	2013/14 £'000	2014/15 £'000	Total £'000	Impact on Performance (Service Delivery)	EIA 2012-13		
5	Prevention and Early Intervention		60	60	120	The proposed reduction in posts will mean a reduction in the level of advice and support that schools receive for children at the earlier stages of the continuum of SEN, though they will have the opportunity to 'buy-back' this service using their own resources. Statutory work with children with Statements of SEN will not be affected.	Not for this year		
6	Children and Families	77	33		110	The safeguarding / statutory elements of the workload can be absorbed within other teams. Access to 'community work' type services provided will need to be signposted elsewhere.	SR and Serv Full		
7	Children and Families	100			100	The existing cohort of trainees will continue through to their appointment into Social Worker posts as they complete their studies. No cohort will be recruited in 2012 and this will be reviewed for future cohorts. To the extent that trainees are not available from the scheme may impact on the cost and quality of the Social Care workforce.	Screening		
8	Director's	70			70	A new Director of Children's Services has now been appointed and is scheduled to take up the appointment in November 2011 to allow for a period of handover. This item relates to a salary saving in a full year.	No EqIA needed		
9	Prevention and Early Intervention		35		35	The service is staffed by a coordinator and one support worker. The proposal is to delete the support worker role, however there will not be any reduction in the level of support to this group of children and young people. The coordinator will continue to have specialist oversight of the work and the support worker will be replaced by staff from the existing pool of youth workers. Where appropriate we will also consider the benefits of integration of some young carers activities within the wider programme of targeted youth support.	Not for this year		
Total Children's Services		747	978	810	2,535				

Savings Proposals - Place & Sustainability							EIA 2012-13
Directorate/Service Area	Detailed Efficiency & Saving proposal	2012/13 £'000	2013/14 £'000	2014/15 £'000	Total £'000	Impact on Performance (Service Delivery)	
Place & Sustainability							
1	Cross-Cutting Reduce Management - Number of Assistant Directors	75	75		150	The new P&S directorate currently has 2 existing Assistant Directors from Urban Environment and 3 new ones from Recreation, Culture and Property. The objective is to reduce this number by 1.	SR - Full
2	Cross-Cutting Further Savings from Business Admin Review	50	50		100	Further review of any remaining non front line staff in the Directorate post implementation of Strategic Functions Reviews.	SR - Full
3	FLS-Enforcement Review of Delivery Options for Services Across Single Front Line/ Potential Shared Services	100	200		300	Will review delivery options for services which will include Highways design, Parking Enforcement, Trading Standards & Environmental Health. Options considered will include sharing services (Waltham Forest), retain in-house or contract out. Once results from the review are known we will be able to evaluate more clearly the potential savings.	Serv - Full SR - Full
4	FLS-Enforcement Increased Incidence of FPNs (Enforcement)	33	77		110	Expand the level of enforcement activity to include issuing of FPNs for littering, skips, hoardings etc. Deliverability will become evident once the Neighbourhood Action and Network Management Teams are fully operational.	Screening need clarity on proposal
5	FLS-Highways Reduced Spend on Reactive Maintenance (Potholes)	100			100	Reduction in reactive maintenance reducing by half the additional investment following the pot hole blitz initiative.	Screening
6	FLS-Highways Renegotiation of Highways Contract		100		100	Amendments to Volker contract for highways and street lighting to deliver revenue savings.	Not for this year
7	FLS-Parking Review of contract across Parking Service including Community Safety CCTV.			100	100	Review of the community safety CCTV, CIVICA and On Time contracts. The full year impact on the Civica contract will be in 2015/16	Not for this year
8	FLS-Parking Increased Income from Fixed Penalty Notices (Parking)	430			430	Additional income generated through the the increased costs for PCNs as set by London Councils.	Screening
9	FLS-Public Realm Reduce Contract Monitoring of Veolia Contract		212		212	If Veolia performance is maintained and the Council is confident that it will continue, the need for the number of officers monitoring the contract can reduce. It has been proposed that this would be a reduction of 5 posts, an overall reduction of 20%.	Not for this year
10	FLS-Public Realm Remove Making the Difference Budgets allocated to Areas	175			175	Removing the £25k per Area Committee Making the Difference fund.	Serv - Full
11	FLS-Public Realm Realign Service in Veolia Contract based on need (Cleansing element)	120	330		450	A 5% to 6% reduction in street cleansing costs. Once the current service is established Veolia can identify those areas that do not need a twice a week sweep.	Screening
12	FLS-Public Realm Profit Share of Trade Waste income from new Veolia Contract	50	150		200	Income generated through a profit share arrangement with Veolia for the collection and disposal of commercial waste.	Screening
13	Culture Minor restructuring within Libraries and Cultural Service.	32			32	Two posts across the service will be combined into one, but cultural work will be protected.	SR - Full

Savings Proposals - Place & Sustainability						
Directorate/Service Area	Detailed Efficiency & Saving proposal	2012/13 £'000	2013/14 £'000	2014/15 £'000	Total £'000	Impact on Performance (Service Delivery)
Place & Sustainability						
14 PRE	Planning Shared Service with Waltham Forest		75		75	This would involve combining back office planning functions around processing of applications not the decision-making process. Agreement would be needed from Waltham Forest to implement the saving.
15 PRE	Increased Planning Income		75		75	This will be largely reliant on the state of the wider economy. At present the Council is reliant on receiving 2 to 3 'big' applications a year to reach its income target but an improvement in general economic conditions should improve planning income. There is also potential for a fee increase.
16 Property	Additional staff savings			100	100	This reduction is planned following completion of the existing accommodation plan and therefore the impact on services will be minimal. Capacity and flexibility for future changes will need to be resourced and funded from elsewhere.
17 Property	Additional future year savings through the revised Accommodation Plan			200	200	The Service is already committed to a £1.2m saving on office accommodation and following analysis of other Directorates' savings proposals, additional property within the Corporate Property Service portfolio has been identified for potential disposal. This is being incorporated into the accommodation strategy and it is currently estimated that a further £200k saving is achievable. On the basis of a reduced level of Council services and staffing the impact on performance should be minimal.
18 Property	Further sweating of and disposal of Council Assets		150	150	300	No further or direct impact on service delivery assuming services already reduced. Additional savings would be dependent upon overall Council reductions that enabled release of additional properties - possibly within other Directorates' portfolios/budgets. Further work is currently undergoing to identify buildings likely to be vacated as a result of the service reductions to assess financial implications. Savings may be achieved by increased level of commercial income.
19 Recreation	Dissolve leisure services client and commissioning functions once existing procurements are complete			250	250	These activities would be scaled down accordingly, and involve some further reorganisation and staff reductions (approximately 10 FTE).
Place & Sustainability Grand Total		1,165	1,494	800	3,459	

Savings Proposals - Chief Executive									
Directorate/Service Area	Detailed Efficiency & Saving proposal	2012/13 £'000	2013/14 £'000	2014/15 £'000	Total £'000	Impact on Performance (Service Delivery)	EIA 2012-13		
Business Unit									
Chief Executive's Service	Saving re-profiled to take account of demand led provision. As the Council reduces its workforce HR resources can be safely reduced.								
1	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.	100	50		150	This proposal involves some standardisation of the service between boroughs. So long as this is achieved, it should be possible to share a Head with no significant loss of capacity.	SR - Full		
2	As the Council reduces its workforce HR resources can be safely reduced. It is anticipated that headcount reductions will occur in 12-13 and 13-14 across the Council. Saving assumption made includes use of IT based self service and also builds on shared HR services with WF. Phase one sharing is already in hand, this is a proposal to extend sharing in HR activity. Ultimately this will lead to shared transactional HR services subject to a common IT	0	50	50	100	It should be possible to design a shared transactional service between the boroughs in such a way that there is no significant reduction in service. However, both boroughs will need to adopt common processes therefore some compromise on current practice is likely. Saving assumption made includes use of IT based self service which requires investment and a cultural change.	Not for this year		
3	Share research & business intelligence services with Waltham Forest - proposal to run a single research & intelligence across the boroughs	100			100	This proposal is likely to result in a reduction in services specific to Haringey. We are developing a shared service offer currently.	Screening		
4	A range of proposals involving reorganising the media, design, admin, reduction in commissioned print, sharing some commissioned service with Waltham Forest	235			235	It is likely that a reduction in the capacity of those services under review will be experienced, most notably media. Less spend on print will require prioritisation resulting in certain work not being supported.	SR - Full		
5	Policy - phase two of the PIP review is to rationalise Council strategies, performance frameworks, and project management arrangements. This is a significant reduction in the service that needs to be matched by a similar reduction in demand.	500	600		1,100	Likely to result in the provision of only statutory returns and policy advice. Minimal support beyond this for scrutiny, and partnership working. Stop all information governance support apart from storage contract. Minimal complaints & Member feedback support	SR - Full		
6	Following governance review, it should be possible to reduce the resources devoted to committee support and associated costs	100			100	Impact is dependent upon the Governance Review proposals being successfully implemented and the reduction in the number of committee meetings realised. If demand were to remain at current levels staffing resource would likely be too low to fully support, resulting in a need to prioritise meetings/committees.	Screening		
7	Administrative review - this is a review of the administrative support across the Chief Executive service with a view to reducing resource by combining services	30			30	No significant impact so long as managed carefully across Chief Executive service	Screening		
8	Reduce one head of service plus two managers		200		200	This proposal follows from the various shared service items above and the same risks apply.	Not for this year		

Savings Proposals - Chief Executive							
Directorate/Service Area	Detailed Efficiency & Saving proposal	2012/13 £'000	2013/14 £'000	2014/15 £'000	Total £'000	Impact on Performance (Service Delivery)	EIA 2012-13
Total Chief Executive's Service		1,065	900	50	2,015		

Savings Proposals - Corporate Resources							EIA 2012-13
Directorate/Service Area	Detailed Efficiency & Saving proposal	2012/13 £'000	2013/14 £'000	2014/15 £'000	Total £'000	Impact on Performance (Service Delivery)	
Business Unit							
Corporate Resources							
1	Audit and Risk Increased fraud income recovery target	250			250	This would mean setting a target recovery level for the newly formed corporate fraud team. Work would need to be undertaken with legal to recover more. Greater use would be made of the proceeds of crime act. The level of income can only be a target.	N - work already carried out, target increased
2	Audit and Risk Proactive work on tenancy fraud	TBA - but will not be a reduction to the audit budget	TBA - but will not be a reduction to the audit budget	TBA - but will not be a reduction to the audit budget	0	There is a joint project with Housing and Homes for Haringey on this already established using grant funding. It is expected to result in a number of properties being handed back which in turn can be used for those currently in temporary accommodation so saving money. Savings will be achieved in Housing and the Housing Revenue Account. This work is getting interest from other councils who are asking if we can assist them also. So there may be some scope to sell the service to other local authorities and Registered Social Landlords.	screening tool
3	Corporate Finance Review finance support post SFR with view to deleting the transition team		230		230	A transition team was established as part of the SFR to deal with the transition this was to allow for skills transfers, provide support in areas where reductions may have been too deep, support managers through the transition and provide support to ensure the significant budget reductions across the council are delivered. The SFR always envisaged reviewing the service after implementation. The whole service will be reviewed and not just the one team. Head count reduction of 3(or 4).	Not for this year
4	Corporate Finance Further review of finance support for slimmer council			170	170	As the council moves to a slimmed down structure and if the planned shift in budget accountability is successful it may be possible to reduce the level of staff in corporate finance further. This assumes there is no increase in activity e.g. government increasing grant regimes.	Not for this year

Savings Proposals - Corporate Resources							EIA 2012-13
Directorate/Service Area	Detailed Efficiency & Saving proposal	2012/13 £'000	2013/14 £'000	2014/15 £'000	Total £'000	Impact on Performance (Service Delivery)	
5 Corporate Finance	Increase debt collection of miscellaneous debts		150		150	By collecting more money the level of bad debt provision that are charged to the revenue account can be reduced. Further work on this is needed to assess how realistic this proposal is. May require council to be harder with its collection arrangements and will depend on the general economic climate. There may be ways in which the council can stop providing services unless payment is made in advance - that would remove any recovery costs and reduce non payment opportunities	Not for this year
6 Procurement	Shared service with other local authorities	25			25	There are discussions taking place on this - will depend on other local authorities if we can sell our services to them with minimal increase in the staff base. Ability to make this saving will depend on other local authorities.	N
7 Procurement	Reduction in accounts payable team		100		100	As the accounts payable activity is centralised savings of £104k are required in 2011/12 as part of the agreed budget. This is planned to be achieved by automation. It is hoped that further savings can be made as processes get streamlined, productivity increases and invoices get taken out of the system	Not for this year
8 Procurement	Securing funding from leading on sub regional work		50		50	This saving is based on the premise that by leading and supporting sub-regional working there will be opportunities to generate income to meet some of our costs. Further work is required to test this.	Not for this year
9 Procurement	Streamlining contract end dates			50	50	Over time with contract letting centralised it may be possible to phase contract end dates, so spreading the work load for the council across the year. Smoothing out peaks and troughs may enable staffing levels to be reduced as work can be undertaken evenly during the year.	Not for this year
10 IT	Reduction in cost of telephone calls	125			125	Renegotiation of tariffs	N

Savings Proposals - Corporate Resources							EIA 2012-13
Directorate/Service Area	Detailed Efficiency & Saving proposal	2012/13 £'000	2013/14 £'000	2014/15 £'000	Total £'000	Impact on Performance (Service Delivery)	
11	IT Review of IT Contracts	725	725		725	This will require an in-depth review of the contractual arrangements, review dates and service needs. The opportunities for savings will depend on: - contract end dates - functionality(there may be some modules we pay for but services could manage without them) - assessment of criticality to the business - up to date assessment of user base to licence numbers etc.	N
12	Legal Delaying management		210		210	Removing 3 senior officers would impact on level of service to departments.	Not for this year
13	Legal Curtailing demand for legal services further		50		50	General Reduction across council	Not for this year
14	Legal Counsel fees - improved procurement and reduction		70	70	140	10% reduction in counsel's fees - requires a reduction in demand and usage	Not for this year
15	Customer Services Sharing or externalisation of call centre		100	100	200	Options being evaluated with Waltham Forest. These are provisional savings and will be assessed in due course as the outline business case is prepared.	screening tool and full EIA when we have firm proposals
Total Corporate Resources		400	1,685	390	2,475		

Changes and Variations

Item	Potential / Known Budget Pressure	2012-13 over 2011-12 £'000	2013-14 over 2012-13 £'000	TOTAL £'000
1	Inflation	2,500	5,500	8,000
2	NLWA - Increase in Landfill Tax etc	2,100	1,400	3,500
3	Increase in cost of concessionary fares	1,000	500	1,500
4	Council Tax Benefit - subsidy 10% reduction	0	4,000	4,000
5	Risks to future government funding etc	2,500	2,600	5,100
6	Debt Financing Costs (net)	(1,763)	219	(1,544)
7	Service Growth (pre-agreed)	836	1,744	2,580
	Changes and Variations Total	7,173	15,963	23,136