NOTICE OF MEETING

ADULTS & HEALTH SCRUTINY PANEL

Thursday 8th December 2022, 6.30 pm - Woodside Room - George Meehan House, 294 High Road, N22 8JZ

(To watch the live meeting click **here** or watch the recording **here**)

Members: Councillors Pippa Connor (Chair), Anna Abela, Cathy Brennan, Yannis Gourtsoyannis, Thayahlan Iyngkaran, Felicia Opoku, Sheila Peacock

Co-optees/**Non Voting Members**: Helena Kania (Co-Optee) and Ali Amasyali (Co-Optee)

Quorum: 3

1. FILMING AT MEETINGS

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2. APOLOGIES FOR ABSENCE

3. ITEMS OF URGENT BUSINESS

The Chair will consider the admission of any late items of urgent business (late items will be considered under the agenda item where they appear. New items will be dealt with as noted below).

4. DECLARATIONS OF INTEREST

A Member with a disclosable pecuniary interest or a prejudicial interest in a matter who attends a meeting of the authority at which the matter is considered:

(i) must disclose the interest at the start of the meeting or when the interest becomes apparent, and

(ii) may not participate in any discussion or vote on the matter and must withdraw from the meeting room.

A member who discloses at a meeting a disclosable pecuniary interest which is not registered in the Members' Register of Interests or the subject of a pending notification must notify the Monitoring Officer of the interest within 28 days of the disclosure.

Disclosable pecuniary interests, personal interests and prejudicial interest are defined at Paragraphs 5-7 and Appendix A of the Members' Code of Conduct.

5. DEPUTATIONS/PETITIONS/ PRESENTATIONS/ QUESTIONS

To consider any requests received in accordance with Part 4, Section B, Paragraph 29 of the Council's Constitution.

6. MINUTES (PAGES 1 - 12)

To approve the minutes of the previous meeting.

7. SCRUTINY OF THE 2023/24 DRAFT BUDGET / 5 YEAR MEDIUM TERM FINANCIAL STRATEGY (2023/24 - 2027/28) (PAGES 13 - 86)

To scrutinise the revenue and capital proposals relating to the 2023/24 Draft Budget and the Medium Term Financial Strategy for 2023/24 to 2027/28.

8. WORK PROGRAMME UPDATE (PAGES 87 - 90)

To consider any additions or amendments to the Panel's current work programme.

9. NEW ITEMS OF URGENT BUSINESS

To consider any items admitted at item 3 above.

10. DATES OF FUTURE MEETINGS

- 13th March 2023 (6:30pm)

Dominic O'Brien, Principal Scrutiny Officer, dominic.obrien@haringey.gov.uk
Tel – 020 8489 5896
Email: dominic.obrien@haringey.gov.uk

Fiona Alderman
Head of Legal & Governance (Monitoring Officer)
George Meehan House, 294 High Road, Wood Green, N22 8JZ

Wednesday, 30 November 2022

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MINUTES OF THE MEETING OF THE ADULTS & HEALTH SCRUTINY PANEL HELD ON THURSDAY 17th NOVEMBER, 6.30 - 8:50pm

PRESENT:

Councillors: Pippa Connor (Chair), Anna Abela, Cathy Brennan, Thayahlan Iyngkaran and Sheila Peacock.

Co-optees: Ali Amasyali & Helena Kania.

24. FILMING AT MEETINGS

The Chair referred Members present to agenda Item 1 as shown on the agenda in respect of filming at this meeting, and Members noted the information contained therein'.

25. APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllr Felicia Opoku.

26. ITEMS OF URGENT BUSINESS

Cllr Pippa Connor reported that the Cabinet's response to the recommendations of the Adult & Health Scrutiny Panel's Review on Adult Social Care Commissioning & Co-production had been discussed at the Cabinet meeting on 8th November 2022. She noted that there was a lot of work unpinning the response and suggested that the Panel should receive a more detailed report about this at a later date. **(ACTION)** After a discussion with Beverley Tarka, Director of Adults, Health & Communities, about the likely timescales for this, it was agreed that this should be added to the work programme for the meeting in November 2023.

RESOLVED – That an update report on the response to the Scrutiny Review on Adult Social Care Commissioning & Co-production be considered at a Panel meeting in November 2023.

27. DECLARATIONS OF INTEREST

Cllr Pippa Connor declared an interest by virtue of her membership of the Royal College of Nursing.

Cllr Pippa Connor declared an interest by virtue of her sister working as a GP in Tottenham.

Cllr Thayahlan Iyngkaran declared an interest by virtue of his membership of the Royal College of Radiologists.

Cllr Thayahlan Iyngkaran declared an interest by virtue of his wife working for Barnet, Enfield & Haringey Mental Health Trust.

28. DEPUTATIONS/PETITIONS/ PRESENTATIONS/ QUESTIONS

None.

29. MINUTES

Cllr Connor requested further details on the response to an action point which stated that there were currently no plans to install defibrillators in sheltered housing but that costs and installation would be explored by the service. Vicky Murphy, Service Director for Adult Social Services, said that a solution had not yet been found but that a housing related support group had recently been set up to look at issues related to supported living with input from residents and carers groups. This suggestion would be taken forward to the group which would be meeting for the first time over the next couple of weeks. Cllr Peacock said that, while she was aware of the potential costs involved in installing defibrillators and training staff to use them, she felt that this was essential as she was aware of numerous previous emergency situations in sheltered housing involving vulnerable people. It was requested that the Panel be kept updated on any progress. **(ACTION)**

Cllr Connor referred to the response to an action point stating that there was currently very limited information about the success of e-consultations and asked about timescales for further information to be obtained. Vicky Murphy explained that a provider forum had been set up as part of the new commissioning strategy as well as another forum for residents, service users and carers, which would be meeting for the first time shortly. This would help to improve input and develop understanding.

Cllr Connor noted that there were a large number of action points relating to the previous item on aids and adaptations and acknowledged that this would take some time to implement recommendations that were made. Vicky Murphy reported that a project manager had been aligned to this piece of work, addressing areas for improvement and strengthening processes. She was hopeful that some positive outcomes could be seen within the next 12-16 weeks so an update for the Panel was likely to be available for the March 2023 meeting. **(ACTION)** She also noted that she had visited some of the residents who had attended the Scrutiny Panel meeting in September 2022. In response to a question from Cllr Peacock about visiting sheltered housing schemes, Vicky Murphy confirmed that she had visited some of the schemes that the Council commissions with.

The minutes of the previous meeting were approved as an accurate record.

RESOLVED – That the Panel should receive future updates on the issues of defibrillators in sheltered housing and on aids & adaptations.

RESOLVED – That the minutes of the meeting held on 15th September 2022 be approved as an accurate record.

30. CQC/QUALITY ASSURANCE OVERVIEW

Jon Tomlinson, Senior Head of Service for Commissioning, Brokerage and Quality Assurance, introduced the report for this item noting that there was a challenging environment currently for providers across the country. He informed the Panel that Commissioning for Adults had now been integrated into Adult Social Care with the team covering commissioning, brokerage and quality assurance. This was a relatively small team but they were looking to strengthen this with additional resource to help drive improvements.

Jon Tomlinson commented that, the more that people were able to participate in input, including friends and relatives, the better this was for maintaining high quality services and keeping people safe. This also required close working relationships with the Care Quality Commission (CQC), the Integrated Care Board (ICB) and other local authorities. He explained that there were some really good providers in Haringey but that some required additional work to get to Good or Excellent quality levels.

Jon Tomlinson and Richmond Kessie, Quality Assurance Officer, then responded to questions from the Panel:

- Cllr Peacock raised concerns about the quality of care in sheltered housing and how issues could be raised. Jon Tomlinson said that the role of Councillors was a good example of the input that could help with quality assurance and that referrals were taken very seriously. Depending on the nature of the concerns that were raised, a referral could lead to the setting up of a providers concern process and the monitoring of improvements. If improvements were not made to the required standard, then this could potentially lead to the Council stopping commissioning with that provider. In response to a question from Cllr Connor, Jon Tomlinson clarified that Councillors could make referrals through the Members Enquiries process.
- Cllr Brennan asked about the process of registering a care home with an outside body or regulator and whether there was a high level of complaints or problems. Jon Tomlinson explained that commissioners worked closely with regulators, including by sharing information and horizon scanning to tackle issues quickly and effectively. He added that the scale of issues in Haringey were not at a level then would raise serious concerns and that, with the challenges currently faced by providers, it was inevitable that there would be

some slips. The role of his team was therefore to monitor and quality control with the safety and well-being of residents in mind.

- Cllr Iyngkaran raised the issue of whistleblowing as a theme across a number of cases and emphasised that staff must feel safe to raise concerns in order to maintain high quality services. Jon Tomlinson agreed and said that the team took such cases very seriously. He confirmed that there had been one whistleblower incident since he had been appointed to his post recently and that this had led to the organisation being challenged about the issues that had been raised. In such cases, evidence would be gathered about the concerns and then assurance would typically be sought with mitigations put in place until the required standards had been met.
- Asked by Helena Kania about the quality of GP practices, Jon Tomlinson said that, although his team did not commission GP services, their understanding was that the GP support to residential nursing homes was quite robust in Haringey and any significant issues would be picked up quickly. Cllr das Neves, Cabinet Member for Health Social Care and Well-being, asked for confirmation that GPs did not always visit care homes in person. Paul Allen, Head of Integrated Commissioning (Integrated Care & Frailty) for the Council and ICB, explained that there was a community health solution with GPs going routinely into care homes to identify individuals that needed a greater level of support. This would usually be in person, though GPs did have some virtual presence and there would also be visits from community health professionals. There had not been any particular concerns raised about this process through the feedback received. Cllr Connor asked for reassurance that there were no care homes in the Borough that were relying only on virtual support and Paul Allen agreed to obtain a summary position for the Panel on the current position from the primary care team. **(ACTION)**
- Cllr Iyngkaran referred to the nine providers mentioned in the report that required improvement and asked for further details about the requirements of the service contract. Richmond Kessie explained that the team received regular CQC reports which set out the homes that they had visited and the ratings that they had applied. Where necessary, the providers were asked to provide an improvement plan with timescales, and they would then be monitored on progress. When the team had seen sufficient evidence of improvements, they would then ask the CQC to revisit to establish whether they were satisfied. This process would continue until improvement was achieved and clients would have the option in the meantime to move to a different provider. Jon Tomlinson added that it would be difficult to decommission in circumstances where clients were happy to remain with a provider but that the team were working to strengthen the contracts to make the requirements more specific. Cllr das Neves concurred with this, noting that some providers offered specialised services and so there would be risk in withdrawing services that were valued by

residents. This therefore needed to be balanced with the drive for improvements.

- Cllr Connor asked whether all residents within care homes had been asked whether they wanted to remain with that provider while it was rating as inadequate or requiring improvement and it was confirmed that this was the case.
- Vicky Murphy highlighted that while the CQC was the body that regulates providers, local authorities also had a statutory duty under the Care Act and so there was a dual system for quality assurance. Either body could take regulatory measures with providers.
- Cllr Connor noted that, according to the report, 85% of the locations in the borough that Haringey did not currently commission with were uninspected, which was concerning given that other residents would still be using these services. Jon Tomlinson said that this reflected the backlog of inspections but agreed that it was important to make information about providers available to residents as much as possible to enable them to make a judgment. Vicky Murphy added that alongside the dual process for assurance, the CQC had also started doing online assessments. In addition, social workers had been conducting annual reviews and picking up any issues with providers which could be referred to the CQC or the Council's Quality Assurance Team.
- Asked by Cllr Brennan whether there were plans to check the uninspected providers, Richmond Kessie explained that many of them were domiciliary care agencies which wouldn't typically be inspected by the CQC until they had at least five clients with them.
- Asked by Cllr Peacock whether the details of the required improvements were made available, Jon Tomlinson said that this was specified in the action plans and also summarised in section 6 of the report.

Cllr Connor requested further information about how many Haringey residents were placed outside of the NCL area and the ratings of the providers that they were placed with. **(ACTION)**

Cllr Connor requested that a CQC colleague be present at the following year's Panel meeting for the report on this item. **(ACTION)**

RESOLVED – That further information be provided to the Panel on in-person GP visits to care homes and on Haringey residents placed outside of the NCL area.

RESOLVED – That the CQC be invited to participate in the next update on quality assurance issues, scheduled for November 2023.

31. HARINGEY SAFEGUARDING ADULTS BOARD - ANNUAL REPORT 2021/22

Dr Adi Cooper, Independent Chair of the Haringey Safeguarding Adults Board (HSAB, introduced the Board's annual report for 2021/22. She explained that the Board had a statutory responsibility to produce a plan and an annual report to explain how the plan was being delivered. The Board's activities were delivered through a range of sub-groups and this included a Covid task and finish group which had met frequently during this period but had now ceased. However, there was a recognition that Covid had not gone away and so there was an open agenda item at the Board which enabled any Covid-related issues to be raised.

Dr Cooper explained that one of the Board's statutory responsibilities was to commission Safeguarding Adults Reviews. One had been published during 2021/22 and the learning from previous reviews was continuing to be implemented. The thematic review from homelessness had continued and most of the action plan had been delivered. The cover report included an update on the issues that had been raised by the Panel in the previous year.

The report also demonstrated the actions against the strategic priorities for the previous year, the approach for which was to aim high with the recognition that not everything would necessarily be delivered. Partnership working was also set out, including the regular meetings between the HSAB and the Local Safeguarding Children Board (LSCB) to improve the way that the two Boards worked together, particularly on transitions between the two services.

Dr Cooper then responded to questions from the Panel:

- Cllr Connor requested further details on the nature of the safeguarding issues relating to the Homes for Ukraine scheme and what alternative accommodation was offered. Dr Cooper agreed to provide further details about this in writing. **(ACTION)**
- Helena Kania raised concerns about the risk of additional safeguarding issues causing by lack of resources. Dr Cooper said that she was equally concerned about this issue which would be included in the strategic plan for this year. It was also important to consider how this might translate, for example through financial abuse because of lack of financial resources or because of domestic abuse because of tensions between family members. This would then help to prioritise resources across the partnership.
- Helena Kania asked about safeguarding issues that related to how the police dealt with autistic people. Dr Cooper said that she had spoken to the Joint Partnership Board (JPB) earlier in the day about co-producing the safeguarding strategy for the next 3-5 years. She acknowledged that the issue of the police dealing with autistic people was a good example of an area of input from the JPB that hadn't previously been raised through the HSAB but could be included in future strategies and was part of the complex area of debate about vulnerability and criminality.

- Asked by Cllr Iyngkaran about how robust the safeguarding training for the Police was, Dr Cooper said that this would be for Police colleagues to comment on the impact and effectiveness of the training as this was not commissioned by the Board. **(ACTION)**
- Vicky Murphy commented that the department had pledged to promote a deeper dive into the work with vulnerable adults around crime. She added that significant investment had been put into the team that coordinated the safeguarding referral process. There had also been work carried out with the Corporate Leadership Team and Senior Management Teams to strengthen the basics around safeguarding being everyone's business.
- Cllr Connor asked for further detail on the cases of child to parent domestic abuse cases referred to in the report. Dr Cooper said that significant increases had been reported by the Police during the lockdown period and, while it remained an area of concern, there seemed to be fewer cases now. It was important to understand that domestic abuse was understood not just as within intimate relationships but also could occur intergenerationally within families.
- Cllr Connor asked for further detail on the action being taken to address the concerns raised in the report about the risk of young people being exploited by organised crime gangs and about the engagement with young people in the transition stage between children's and adult services. Dr Cooper said that there was clear evidence of the ongoing work being done through the recent update at the joint boards with new protocols and forums set up to discuss some cases. Vicky Murphy added that systems had been set up across both Children's and Adult services to manage some of these areas. There was a Preparing for Adulthood Strategy and a Transitions Strategy and there was a meeting taking place the following week to look at developing a transitions team that would work with the 14-25 age group. Cllr Connor recommended that the Panel should look at this piece of work in more detail as part of a future meeting. **(ACTION)**
- Cllr Connor referred to the section of the report on housing need and homelessness which stated that co-production would be a means of strengthening the residents' voice and asked how this would work in practice. Dr Cooper said that this question would need to be directed to Gill Taylor to comment specifically on homelessness. **(ACTION)** More generally, Dr Cooper had recently met with the Joint Partnership Board to look at co-production of the new strategy as it was important to model co-production at a strategic level.
- Cllr Connor asked whether there were additional safeguarding risks caused by the pressure on adult social services caused by hospital discharges. Dr Cooper said that the Board had the learning from the Covid-19 pandemic about the safeguarding risks associated with appropriate and inappropriate discharge from hospital. There were different challenges at the present time but she expressed the hope that this learning was now embedded. Vicky Murphy added that the NHS was under significant pressure nationally and so there was a

need to free up access to beds for those that needed them. However, there was actually quite a good relative position in the NCL area with small numbers of escalations compared to other areas. Maintaining such a position depended on looking as a whole system at the options for discharge with quality as a key component. There were also teams in place such as the Crisis Response Team that could respond to any issues quickly.

- Cllr Connor noted the data in the report showing that Section 42 inquiries were up by 32% and abuse in the home up by 22%. Dr Cooper responded that it was tricky to interpret the figures but that the increase in Section 42 inquiries could potentially be a reflection of more appropriate referrals coming in and also because they could take some time to come through and there was now additional staffing capacity. This did not necessarily indicate a difference in what was happening in the community. Dr Cooper said that the increase in the abuse in the home figures reflected that more people with care and support needs were now living at home rather than move into residential and nursing care. Asked by Cllr Connor what proportion of the abuse reports related to care staff, family member or others, Dr Cooper said that she would provide a more detailed response in writing. **(ACTION)** As the Independent Chair of the HSAB, she said that she relied on the quality assurance subgroup to look underneath the data and report back on any issues. This was then monitored regularly through the Board meetings and deep dives requested where necessary.
- Asked by Cllr Connor why some of the strategic objectives in Appendix 1 were not yet being met, Dr Cooper said that some were due to external reasons such as delay to the implementation of Liberty Protection Safeguards legislation (objective A3) and delays caused by Covid (objective P2). There was also a resource issue with partner agencies being very stretched and while pushing for an ambitious strategic plan. It was also necessary to acknowledge the challenges currently being faced across the system.
- Cllr Connor asked for clarification about the disparity between the 22 reports of modern slavery concerns referred to on page 80 of the agenda pack and an estimate of 858 victims of modern slavery in Haringey on page 83 of the agenda pack. Dr Cooper observed that the issue with modern slavery is that we were still not seeing as a society what was in front of our eyes which was why the training and awareness raising work was needed. The data had come from colleagues specialising in this area of work and while it was shocking, it was also necessary as there was still a lot of denial in this area. Understanding and addressing issues of modern slavery was under the exclusive remit of the HSAB and information was shared across a number of partnerships including the Community Safety Partnership. Cllr Connor recommended that the Panel look at the issue of modern slavery in more detail as part of its future work, including input from the Community Safety Partnership. **(ACTION)**

Cllr Connor thanked Dr Adi Cooper and all those involved in the high amount of work and information that had gone into producing the annual report.

RESOLVED – That further information be obtained on safeguarding issues relating to the Homes for Ukraine scheme, Police safeguarding training, co-production on housing need and abuse in the home.

RESOLVED – That future updates on safeguarding and transition and on modern slavery be added to the work programme.

32. DEMENTIA SERVICES

Paul Allen, Head of Integrated Commissioning (Integrated Care & Frailty) for the Council and ICB, introduced the report on this item which summarised issues around dementia, including the process of how a dementia diagnosis was made. This often started with the GP, but it was also important to engage with communities and residents on this as people didn't necessarily always recognise when they have cognitive impairment. The report also highlighted the importance of listening to patients and residents and a number of areas for improvement that could be made around this. Post-diagnostic support was another area where improvement efforts would be made to develop a network of support so that people didn't feel isolated after their diagnosis.

Paul Allen also highlighted some specialist areas including the multi-agency care co-ordination team to support people with frailty, including dementia, and enhanced support in care homes as around 70% of care home residents had some form of dementia.

Paul Allen then responded to questions from the Panel:

- Asked by Cllr Brennan why a greater proportion of BAME people suffered from dementia compared to white groups as stated in the report, Paul Allen explained that there was a genetic component which impacted on the likelihood of acquiring particular conditions. There was also less likelihood of people from some under-served communities coming forward for diagnosis and so a Dementia Co-ordinator had been funded to work with communities to raise awareness around cognitive impairment. A bid had also been put in for a Dementia Facilitator which was a different role working with GPs on diagnosis rates. Cllr Connor proposed that a further update should be received by the Panel at a later date on the progress with these roles. **(ACTION)** Cllr Brennan asked whether more details could be provided on the genetic component and it was agreed that a link to a relevant medical research study could be circulated. **(ACTION)**
- Cllr Peacock spoke about her experience of working with people with dementia suggested that swimming sessions could be made available for them as she

had seen how beneficial this could be. Paul Allen acknowledged that, while dementia was progressive, it was possible for people to have a good quality of life for many years if they were diagnosed early and had access to the right treatment. This treatment was not just about medication but also about physical and mental activity and so there had been investment in community assets to support this. This included activities such as walking programmes, but he was open to other suggestions in this area. Helena Kania asked whether this offer on activities had been connected to social prescribing so that people were aware that these were available. Paul Allen said that the team were preparing an Aging Well training and awareness pack, an element of which was on dementia. An aim was to encourage the more than 170 social prescribers and community navigators in this space to come forward and learn more about dementia. This could involve some of them becoming dementia friends or experts/champions to develop a network of people who could mutually support each other.

- Cllr Abela referred to the drop in the diagnostic rate during the pandemic that was described in the report and asked about the consequences of this and the current status of the backlog. Paul Allen acknowledged that the consequences were still being felt, both in terms of workforce issues and of people feeling isolated. His general sense was that people were coming forward later than we would want them to, meaning that interventions were not always as effective. This position was still being recovered from, which was why there was a strong emphasis on supporting individuals over the next few months.
- Referring to the underdiagnosis issues, Cllr Iyngkaran asked how many residents in the borough would be expected to be diagnosed. Paul Allen responded that the estimated figure was 2,200, as mentioned in the report, and it was thought that around two-thirds of those had been diagnosed, not all of whom would necessarily have been diagnosed at an early stage. Camden borough had diagnosed around 80% of its residents with dementia and so this was a benchmark to aim for. The key investments to improve this included the Dementia Co-ordinator, the work with GPs on diagnosis levels and the work with communities to improve understanding of cognitive impairment.
- Cllr Iyngkaran highlighted that dementia did not just affect people over the age of 65 as there were a small proportion of people with dementia who were younger. Paul Allen concurred with this point and mentioned that one of the members of their Dementia Reference Group was a carer for somebody with early onset dementia. While this was a small group, there were conversations and strategies around supporting these people, not least because they would have potentially a long time yet to live.
- Cllr Peacock commented that the Haynes Centre in Hornsey provided an excellent service but felt that a similar service was needed in the east of the Borough as the former Grange centre in White Hart Lane had closed some years ago. Paul Allen referred to a slide with the list of current dementia

services across the Borough which included new premises for the Grace Organisation but agreed that there should not be an overreliance on one side of the Borough. Beverley Tarka added that the Grange has been closed as part of the Council's response to the austerity measures that had been put in place. She acknowledged that it was important to have resources in different sections of the Borough which is why the Cypriot Centre in the Central area and the Grace Centre in the East area were highlighted on the slide. Cllr Peacock said that there was a religious element to the Grace Centre which may not be suitable for all residents. Asked by Cllr Connor whether a dementia centre for excellence would be established in the east and whether this would be linked with the Grace Centre site, Beverley Tarka clarified that this would all be part of a single service within the former Irish Centre site and that the refurbishment of the building was being designed to dementia standards. Conversations were ongoing with the Grace Organisation in terms of the service delivery. She was not aware of the religious element described by Cllr Peacock but would be happy to report back on this point. Cllr Peacock also commented that the former Irish Centre previously provided a luncheon club which was attended by a wide cohort of people, including some with dementia and their carers, and would welcome something similar being reinstated. Cllr Connor requested that an update be provided on the expected offer from the Grace Organisation at the Irish Centre. **(ACTION)**

- Vicky Murphy noted that there had been a request to provide information on the number of people accessing dementia services. However, there was some complexity around this as there were a full range of services that people could access, including through direct payments, and not just day services.
- Cllr Connor referred to paragraph 2.13 of the report which set out key priorities highlighted by patients and carers, noting that these priorities would be implemented and co-produced through the Aging Well Board, and asked when a progress update on this was likely to be available. Paul Allen explained that the dementia pathway illustrated at the end of the report had been co-produced. The team would engage with as many people as possible but the key group in that space was typically the dementia reference group which had been quite vibrant recently in term of attracting people. The focus was currently on delivery and so an update may be possible in approximately six months. **(ACTION)**

RESOLVED – That further information be obtained on the evidence of dementia risk and ethnicity and on the expected offer from the Grace Organisation.

RESOLVED – That a future update on dementia issues be added to the work programme.

33. WORK PROGRAMME UPDATE

The Panel noted the items scheduled on the work programme for future meetings.

Referring to the forthcoming Scrutiny Review on Access to Adult Social Care Services, Cllr Connor informed the Panel that evidence sessions with officers were expected in January so it would be useful to speak to groups in the community, such as carers, before then so that their feedback could be put to officers. She requested that any suggestions on groups to speak to should be emailed to the Scrutiny Officer.

34. DATES OF FUTURE MEETINGS

- 8th Dec 2022 (6:30pm)
- 13th Mar 2022 (6:30pm)

CHAIR: Councillor Pippa Connor

Signed by Chair ………………………………..

Date …………………………………

 Agenda Item 7

Report for: Budget Scrutiny Panels

- Adults and Health Scrutiny Panel, 8th December 2022
- Housing and Regeneration Scrutiny Panel, 12th December 2022
- Environment and Community Safety Scrutiny Panel,15th December 2022
- Children and Young People Scrutiny Panel, 3rd January 2023
- Overview and Scrutiny Committee, 12th January 2023
- Overview and Scrutiny Committee, 19th January 2023

Item number: **7**

Title: Scrutiny of the 2023/24 Draft Budget and 5 Year Medium Term Financial Strategy 2023/2028

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

Lead Officer: Frances Palopoli, Head of Corporate Financial Strategy & Monitoring

Ward(s) affected: N/A

Report for Key/ Non Key Decision: N/A

1. Describe the issue under consideration

1.1 To consider and comment on the Council's 2023/24 Draft Budget and 5 Year Medium Term Financial Strategy (MTFS) 2023/2028 proposals relating to the Scrutiny Panels' remit.

2. Recommendations

2.1 That the Panels consider and provide recommendations to Overview and Scrutiny Committee (OSC), on the Council's 2023/24 Draft Budget and 5 Year Medium Term Financial Strategy (MTFS) 2023/2028 proposals relating to the Scrutiny Panels' remit.

3. Background information

3.1 The Council's Overview and Scrutiny Procedure Rules (Constitution, Part 4, Section G) state: "The Overview and Scrutiny Committee shall undertake scrutiny of the Council's budget through a Budget Scrutiny process. The procedure by which this operates is detailed in the Protocol covering the Overview and Scrutiny Committee".

3.2 Also laid out in this section is that "the Chair of the Budget Scrutiny Review process will be drawn from among the opposition party Councillors sitting on the Overview and Scrutiny Committee. The Overview and Scrutiny Committee shall not be able to change the appointed Chair unless there is a vote of no confidence as outlined in Article 6.5 of the Constitution".

4. Overview and Scrutiny Protocol

4.1 The Overview and Scrutiny Protocol lays out the process of Budget Scrutiny and includes the following points:

a. The budget shall be scrutinised by each Scrutiny Review Panel, in their respective areas. Their recommendations shall go to the OSC for approval. The areas of the budget which are not covered by the Scrutiny Review Panels shall be considered by the main OSC.

b. A lead OSC member from the largest opposition group shall be responsible for the co-ordination of the Budget Scrutiny process and recommendations made by respective Scrutiny Review Panels relating to the budget.

c. Overseen by the lead member referred to in paragraph 4.1.b, each Scrutiny Review Panel shall hold a meeting following the release of the December Cabinet report on the Draft Budget/MTFS. Each Panel shall consider the proposals in this report, for their respective areas. The Scrutiny Review Panels may request that the Cabinet Member for Finance and/or Senior Officers attend these meetings to answer questions.

d. Each Scrutiny Review Panel shall submit their final budget scrutiny report to the OSC meeting on 19th January 2023 containing their recommendations/proposals in respect of the budget for ratification by the OSC.

e. The recommendations from the Budget Scrutiny process, ratified by the OSC, shall be fed back to Cabinet. As part of the budget setting process, the Cabinet will clearly set out its response to the recommendations/ proposals made by the OSC in relation to the budget.

5. 2023/24 Draft Budget and MTFS 2023/28

5.1 This report sets out details of the draft General Fund (GF) Budget for 2023/24; the Medium Term Financial Strategy (MTFS) 2023/28; the draft HRA Budget 2023/24 and it's draft Business Plan including estimated income (funding) and expenditure adjustments, as well as the draft capital programmes for both funds.

5.2 The Chancellor's Autumn Statement was only very recently made on 17 November 2022, which will have wide reaching implications for both the Council's General Fund and its HRA. The Provisional Local Government Finance Settlement (PLGFS) is not expected until week commencing 19th December, and it is not until this is received that we will be able to understand all the key financial consequences to the General Fund of the recent announcements. Therefore, the details here represent a positional statement on the Council's budgets and longer term financial plans, with the final balanced position being reported to Cabinet on 7 February 2023. This report recommends that the draft budget proposals here are released for public consultation and Scrutiny consideration.

5.3 Next year's Budget comes on the back of two years of the Covid 19 pandemic whose legacy is still very much being felt, particularly in the care services where the incidence of complexity and acuity of those presenting to the Council for services has increased putting additional strain on the finite resources. This is despite adding growth totalling £13.7m into these service budgets for 2022/23 alone; £6.6m for Children's and £7.1m for Adults.

5.4 Despite these pressures the Council set a balanced Budget for this year, 2022/23, and in doing so was clear that a markedly different approach had been taken to the financial planning process. This was to enable the Council to have more time and space to determine the new programme of change required to address the structural c£20m budget gap in the medium term, and in doing so made use of one-off funding from the Strategic Budget Planning reserve. It also allowed the Council to better focus this year, in a difficult post pandemic environment, on the delivery of the already agreed sizeable 2022/23 savings programme of £12m and any existing savings plans slipped from 2021/22.

5.5 It became clear early on in this year that the financial situation had worsened for most local authorities, this Council included, and this has been key in shaping the approach to the financial planning work for 2023/24. Strategies have been aimed at driving efficiencies from focussing on getting the basics right, collecting all the income due to the Council, improving commissioning strategies, implementing 'Digital First' to modernise customer services and minimise transactional costs, and putting a challenge to the existing and proposed capital programme.

5.6 The number of identified pressures, unknowns and overall volatility is concerning and makes setting a balanced 2023/24 Budget challenging. Furthermore, many of the issues are outside the Council's direct control. The financial planning process to date has sought to acknowledge and respond to these factors but due to timings and matters still evolving, this cannot as yet be finalised. This draft Budget incorporates the Council's current best estimate of the level of government funding for 2023/24. The detailed draft funding allocations following the Chancellor's Statement will be announced in the Provisional Local Government Funding Settlement in late December, after this report is published. It is clear though that this is the start of a challenging period. Therefore, it is essential that a strong focus is maintained on decisions impact on the sustainability of the future years of the MTFS.

5.7 While the draft General Fund Budget is not yet finalised, it is significantly updated from the original forecasts for 2023/24. It now provisionally includes additional new growth of £14.8m, with £6.0m for Adults and £4.9m for Children's. This has been made possible by assumptions of £9.8m net additional budget savings coupled with other service and corporate adjustments. The delay in detailed Government announcements on the likely level of funding for 2023/24 for the Sector has prevented the Council from finalising its Budget proposals. At this interim point, the Council is however c.£3m from a balanced position. This continues to assume a contribution of £5.5m from the Strategic Planning Reserve and a further c.£4m of other one-off solutions in 2023/24.

5.8 The Final Budget for 2023/24 and Medium Term Financial Strategy (MTFS) 2023/28 to Cabinet on 7 February 2023 will include its response to the consultation received and Overview and Scrutiny's recommendations, to go onto Full Council on 2 March 2023. The report will include a recommendation on the level of Council Tax, taking regard of the Chancellor's recently announced flexibility on Council Tax referendum thresholds and additional Adult Social Care precepts.

5.9 The Council's Fees and Charges for 2023/24 will also be presented to the 7th February Cabinet meeting, recognising that they are part of the outstanding budget deliberations.

Capital

5.10 Our capital programme also provides important opportunities to address our communities' needs, however the Council's finances are tightly constrained, so affordability is a key consideration in this year even more than previously.

5.11 The draft capital programme continues to invest for the long term, though increased costs are making it increasingly difficult to achieve self-financing business cases for those schemes where this is expected.

HRA

5.12 Like the General Fund, it has been an extremely challenging year for the HRA. The HRA financial plan contains a long-term assessment of the need for investment in assets, such as new homes development, major works and other cyclical maintenance requirements, as well as forecasts on income streams such as rents, in line with rent standards, and future developments. The recent increases in energy cost, inflation and interest rates rises presents a level of challenge and difficulty in delivering our capital programmes now and the viability of our HRA in the medium to long term.

5.13 On 17 November 2022, the government announced in the Autumn Statement 2022 that social housing rent increases for 2023/24 would be capped at 7%, to help tenants with the increased cost of living. The rent increase in this report has been modelled on the recently announced rent increase cap of 7% and the February report will make a recommendation for the actual rent increase to be implemented for 2023/24.

5.14 The council will continue to let most of its new lettings for its homes at the relevant formula rent and the HRA financial plan is built on that basis. The challenges presented by adverse economic changes, including the increased cost of borrowing and inflation mean that the Council has had to consider how best to sustain a strong new build programme. To do so, it is now recommended that the Council lets some of the new homes funded by Building Council Homes for Londoners (BCHFL) grant at London Affordable Rent.

5.15 The Council must agree an HRA Budget and longer-term plan which are prudent and sustainable. However, due to very high level of uncertainty related to some of the key assumptions underpinning the current plan, particularly interest rates, this represents a provisional HRA budget/MTFS at this time. A final HRA budget/MTFS will be presented in February.

Dedicated Schools Budget

5.16 For schools, the indicative Dedicated Schools Budget (DSB) funding, which is ring fenced for the delivery of education services, is also outlined. This includes the concerning implications of the on-going budget pressure on the High Needs Block (HNB) from legislative changes to service provision responsibilities introduced in the 2014 Children and Families Act.

5.17 Haringey has been invited to join the Department for Education (DfE) Safety Valve Programme, which targets local authorities with the highest DSG deficits to identify plans to bring spend more in line with agreed budgets over the short to medium term. When a local authority can demonstrate sufficiently that their plans create lasting sustainability, including reaching an in-year balanced budget, the DfE will enter into an agreement with the authority to provide financial support to address the cumulative deficit. Final proposals were submitted to the DfE on 6th October 2022 and are currently still subject to Ministerial approval. In addition, an application for DfE capital funding to invest in key proposals to support Haringey's Safety Valve programme has also been submitted.

5.18 The Autumn Statement announced additional funding for schools at a national level. The implications for Haringey will not be known until after this report is published.

5.19 As an aide memoire to assist with the scrutiny of budget proposals, possible key lines of enquiry are attached at **Appendix A**. This report is specifically concerned with Stage 1 (planning and setting the budget) as a key part of the overall annual financial scrutiny activity.

5.20 **Appendix B** is the Draft 2023/24 Budget and 2023/28 MTFS considered by Cabinet on 6th December 2022. This report sets out details of the draft General Fund (GF) Budget for 2023/24; the Medium Term Financial Strategy (MTFS) 2023/28; the draft HRA Budget 2023/24 and it's draft Business Plan including estimated income (funding) and expenditure adjustments, as well as the draft capital programmes for both funds.

5.21 **Appendix C** provides details of the new revenue budget savings proposals relevant to each Panel/Committee.

5.22 **Appendix D** provides details of the new revenue budget growth proposals relevant to each Panel/Committee.

5.23 **Appendix E** lists the previously agreed MTFS savings relevant to each Panel/Committee.

5.24 **Appendix F** provides details of the new capital investment proposals relevant to each Panel/Committee. Details of the proposed funding source are clearly identified. The Council's Capital Programme provides a framework for spend but does not constitute the approval to spend on specific projects. Approval to spend on particular projects is usually granted by cabinet decisions (e.g., contract awards). All capital projects must be fully financed before proceeding. Sources of funding/finance can be external, such as grants, or S106/CIL, or if no external funding is available, the Council can borrow to fund the project.

5.25 Where the Council does have to borrow to finance a project, there is an ongoing cost to the Council's revenue budget to repay the debt and pay interest on the borrowing costs: a rule of thumb for an average project is that for each £1m of capital financed by borrowing there is a £61k per annum revenue cost. Many of the schemes within the capital programme are 'self-financing': these schemes are funded by borrowing however, they will generate an ongoing revenue betterment to the Council, which will offset the costs of borrowing once the scheme is completed.

5.26 **Appendix G** lists the total proposed 2023/2028 capital programme relevant to each Panel/Committee, comprised of the existing programme and any new projects included in this draft Budget as listed in Appendix F.

5.27 Attention is also drawn to the 2022/23 Quarter 2 Finance Update Report presented to Cabinet on 6th December 2022 which provides a summary of the in-year budget implications facing the authority and which has informed the 2023/24 Draft Budget proposals now presented. The Council's 2022/23 Budget Book provides details of service budgets for the current year.

6. Contribution to strategic outcomes

6.1 The Budget Scrutiny process for 2023/24 will contribute to strategic outcomes relating to all Council priorities.

7. Statutory Officers comments

Finance

7.1 There are no financial implications arising directly from this report. Should any of the work undertaken by Overview and Scrutiny generate recommendations with financial implications then these will be highlighted at that time.

Legal

7.2 There are no immediate legal implications arising from this report.

7.3 In accordance with the Council's Constitution (Part 4, Section G), the Overview and Scrutiny Committee should undertake scrutiny of the Council's budget through a Budget Scrutiny process. The procedure by which this operates is detailed in the Protocol, which is outside the Council's constitution, covering the Overview and Scrutiny Committee.

Equality

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

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

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

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

7.7 COVID-19 and the ongoing cost of living crisis have widened existing inequalities with adverse impacts experienced by protected groups across many health and socioeconomic outcomes. A focus on tackling inequality underpins the Council's priorities and this will be embedded in the upcoming corporate delivery plan. The Council is committed to targeting its interventions to reduce inequality despite the financial constraints detailed in this report. This commitment is evident through ongoing investment in policies that seek to improve outcomes for individuals with protected characteristics, such as Free School Meals, SEND Transport and addressing increased complexity in adult social care.

7.8 Any comments received will be taken into consideration and included in the Budget report presented to Cabinet on 7th February 2023.

8. Use of Appendices

Appendix A – Key lines of enquiry for budget setting

Appendix B – 2023/24 Draft Budget and 2023/2028 Medium Term Financial Strategy Report (presented to Cabinet 6th December 2022)

Appendix C – 2023/24 New Revenue Savings Proposals

Appendix D – 2023/24 New Revenue Growth Proposals

Appendix E – Previously Agreed Revenue Savings

Appendix F **-** 2023/24 New Capital Budget Proposals

Appendix G **–** 2023/2028 Proposed Capital Programme

9. Local Government (Access to Information) Act 1985

Background papers: 2022/23 Quarter 2 Finance Update Report - Cabinet 6th December 2022
https://www.minutes.haringey.gov.uk/documents/s136640/12%202022-23%20Finance%20Update%20Quarter%202.pdf

2022/23 Budget Book
https://www.haringey.gov.uk/local-democracy/performance-and-finance/council-budget/council-budget-2022-23

Appendix A

Financial Scrutiny: Understanding your Role in the Budget Process

This document summarises issues and questions you should consider as part of your review of financial information. You might like to take it with you to your meetings and use it as an aide-memoir.

Overall, is the MTFS and annual budget:

- A financial representation of the council's policy framework/ priorities?
- Legal (your Section 151 Officer will specifically advise on this)?
- Affordable and prudent?

Stage 1 – planning and setting the budget

Always seek to scrutinise financial information at a strategic level and try to avoid too much detail at this stage. For example, it is better to ask whether the proposed budget is sufficient to fund the level of service planned for the year rather than asking why £x has been cut from a service budget.

Possible questions which Scrutiny members might consider –

- Are the MTFS, capital programme and revenue budget financial representations of what the council is trying to achieve?
- Does the MTFS and annual budget reflect the revenue effects of the proposed capital programme?
- How does the annual budget relate to the MTFS?
- What level of Council Tax is proposed? Is this acceptable in terms of national capping rules and local political acceptability?
- Is there sufficient money in "balances" kept aside for unforeseen needs?
- Are services providing value for money (VFM)? How is VFM measured and how does it relate to service quality and customer satisfaction?
- Have fees and charges been reviewed, both in terms of fee levels and potential demand?
- Does any proposed budget growth reflect the council's priorities?
- Does the budget contain anything that the council no longer needs to do?
- Do service budgets reflect and adequately resource individual service plans?
- Could the Council achieve similar outcomes more efficiently by doing things differently?

Stage 2 – Monitoring the budget

It is the role of "budget holders" to undertake detailed budget monitoring, and the Executive and individual Portfolio Holders will overview such detailed budget monitoring. Budget monitoring should never be carried out in isolation from service performance information. Scrutiny should assure itself that budget monitoring is being carried out but should avoid duplicating discussions and try to add value to the process. Possible questions which Scrutiny members might consider –

- What does the under/over spend mean in terms of service performance? What are the overall implications of not achieving performance targets?
- What is the forecast under/over spend at the year end?
- What plans have budget managers and/or the Portfolio Holder made to bring spending back on budget? Are these reasonable?
- Does the under/over spend signal a need for a more detailed study into the service area?

Stage 3 – Reviewing the budget

At the end of the financial year you will receive an “outturn report”. Use this to look back and think about what lessons can be learned. Then try to apply these lessons to discussions about future budgets. Possible questions which Scrutiny members might consider –

- Did services achieve what they set out to achieve in terms of both performance and financial targets?
- What were public satisfaction levels and how do these compare with budgets and spending?
- Did the income and expenditure profile match the plan, and, if not, what conclusions can be drawn?
- What are the implications of over or under achievement for the MTFS?
- Have all planned savings been achieved, and is the impact on service performance as expected?
- Have all growth bids achieved the planned increases in service performance?
- If not, did anything unusual occur which would mitigate any conclusions drawn?

How well did the first two scrutiny stages work, were they useful and how could they be improved?

Report for: Cabinet – 6 December 2022

Item number: To be added by the Committee Section

Title: **2023-24 Budget and 2023-2028 Medium Term Financial Strategy**

Report authorised by: Jon Warlow, Director of Finance

Lead Officer: Frances Palopoli, Head of Corporate Financial Strategy & Monitoring

Ward(s) affected: All

Report for Key/ Non Key Decision: Key

1. Describe the issue under consideration

1.1. This report sets out details of the draft General Fund (GF) Budget for 2023/24; the Medium Term Financial Strategy (MTFS) 2023/28; the draft HRA Budget 2023/24 and it's draft Business Plan including estimated income (funding) and expenditure adjustments, as well as the draft capital programmes for both funds.

1.2. The Chancellor's Autumn Statement was only very recently made on 17 November 2022, which will have wide reaching implications for both the Council's General Fund and its HRA. The Provisional Local Government Finance Settlement (PLGFS) is not expected until week commencing 19th December, and it is not until this is received that we will be able to understand all the key financial consequences to the General Fund of the recent announcements. Therefore, the details here represent a positional statement on the Council's budgets and longer term financial plans, with the final balanced position being reported to Cabinet on 7 February 2023. This report recommends that the draft budget proposals here are released for public consultation and Scrutiny consideration.

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1.4. Despite these pressures the Council set a balanced Budget for this year, 2022/23, and in doing so was clear that a markedly different approach had been taken to the financial planning process. This was to enable the Council to have more time and space to determine the new programme of change required to address the structural c£20m budget gap in the medium term, and in doing so made use of one-off funding from the Strategic Budget Planning reserve. It also allowed the Council to better focus this year, in a difficult post pandemic environment, on the delivery of the already agreed sizeable 2022/23 savings programme of £12m and any existing savings plans slipped from 2021/22.

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Capital

1.10. Our capital programme also provides important opportunities to address our communities' needs, however the Council's finances are tightly constrained, so affordability is a key consideration in this year even more than previously.

1.11. The draft capital programme continues to invest for the long term, though increased costs are making it increasingly difficult to achieve self-financing business cases for those schemes where this is expected.

HRA

1.12. Like the General Fund, it has been an extremely challenging year for the HRA. The HRA financial plan contains a long-term assessment of the need for investment in assets, such as new homes development, major works and other cyclical maintenance requirements, as well as forecasts on income streams such as rents, in line with rent standards, and future developments. The recent increases in energy cost, inflation and interest rates rises presents a level of challenge and difficulty in delivering our capital programmes now and the viability of our HRA in the medium to long term.

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Dedicated Schools Budget

1.16. For schools, the indicative Dedicated Schools Budget (DSB) funding, which is ring fenced for the delivery of education services, is also outlined. This includes the concerning implications of the on-going budget pressure on the High Needs Block (HNB) from legislative changes to service provision responsibilities introduced in the 2014 Children and Families Act.

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1.18. The Autumn Statement announced additional funding for schools at a national level. The implications for Haringey will not be known until after this report is published.

2. Cabinet Member Introduction

2.1. Next year's budget is being developed against a backdrop of unprecedented economic uncertainty and high inflation. We know this is a really tough time for our residents with the cost of living crisis, and also businesses and communities and so we are absolutely focused on getting information, advice and support to those that need it most and achieving the best possible outcomes with the limited resources available to us.

2.2. For **2023/24** the emphasis has been on building on the Administrations ambitions of becoming a **competent, radical and collaborative** Council. Strategies cover:

- Looking to drive efficiencies from focussing on getting the basics right
- Generating all the income due to the council
- Improving commissioning strategies
- Implementing 'Digital First' to modernise customer services and minimise transactional costs

2.3. Despite all the financial challenges that the Council is facing, this draft Budget for 2023/24:

- Ensures we can continue to meet the significant need of our most vulnerable residents – through further, year on year additional investment in Children's and Adult's services. (£10.9m in 2023/24)
- Drives value for money through a significant efficiency agenda – with every area of the council contributing. (c£19m in savings and additional income)
- Provides financial advice and support to residents who need it including through Council Tax Reduction, our Financial Support Team; and the Haringey Support Fund.
- Maintains critical support for our children and young people with little direct funding by Central Government – including Free School Meals for an additional 650 children who are just above the entitlement threshold; Putting the funding for the Rising Green Youth Hub on a long-term footing.

2.4. Our capital programme also provides important opportunities to address our communities' needs, however the Council's finances are tightly constrained, so affordability is a key consideration in this year even more than previously. However, the draft capital programme continues to invest for the long term and we intend to put investment in:

- doubling the planned investment in the Active Life in parks programme and the Parks Asset Management for 2023/24
- public realm including cycling and walking infrastructure, roads, pavements and street lights
- parks and green spaces
- school buildings
- additional properties to be used for high quality, temporary accommodation
- significant on-going investment in Council homes and delivery of the new Council homes agenda

2.5. I am pleased that this Budget update is assuming considerable additional investment in our care services with £11.9m growth in those Directorates. Though I do recognise that elsewhere the Authority faces the challenge of making considerable savings and that we still have a budget gap of c. £3m.

3. Recommendations

3.1. It is recommended that Cabinet:

a) Note the draft General Fund revenue and capital budget proposals and financial planning assumptions set out in this report and note that they will be refined and updated after the final Local Government Finance Settlement is received in January 2023 and to incorporate further budget changes as required;

b) Note the Draft General Fund 2023/24 Budget and MTFS 2023-28 detailed in this report and Appendix 1;

c) Note the Draft revenue and capital budget growth proposals summarised in Sections 7 and 8 and Appendices 2 and 5 and note the draft revenue savings proposals summarised in Section 7 and Appendix 3;

d) Note the Draft General Fund Capital Programme for 2023/24 to 2027/28 as set out in Appendix 4;

e) Note the Draft Housing Revenue Account (HRA) Revenue and Capital Programme proposals and HRA Business Plan as set out in Section 9;

f) Note the 2023/24 Draft Dedicated Schools Budget (DSB) and update on the DSG reserve position set out in Section 10;

g) Note that the detailed proposals will be submitted to Overview and Scrutiny Committee / Panels in December 2022 and January 2023 for scrutiny and comments;

h) Agree to commence consultation on the 2023/24 Budget and MTFS 2023-28;

i) Note that an updated General Fund and HRA 2023/24 Budget and MTFS 2023-28 will be presented to Cabinet on 07 February 2023 to be recommended for approval to the Full Council meeting taking place on 02 March 2023;

j) Delegate the final decision on whether or not to participate in the proposed 8 borough business rates pool from 1 April 2023 to the Director of Finance in conjunction with the Lead Member for Finance and Local Investment.

k) Agree that some of the new homes delivered under the GLA's 2016-23 Affordable Homes Programme, 'Building Council Homes for Londoners' be let at London Affordable Rent (LAR) levels.

4. Reasons for decision

4.1. The Council has a statutory requirement to set a balanced budget for 2023/24 and this report forms a key part of the budget setting process by setting out the forecast funding and expenditure for that year at this point. Additionally, in order to ensure the Council's finances for the medium term are maintained on a sound basis, this report also sets out the funding and expenditure assumptions for the following four years in the form of a Medium Term Financial Strategy. It should be noted that the final version of this will be presented to Full Council on 2 March 2023

5. Alternative options considered

5.1. The Cabinet must consider how to deliver a balanced 2023/24 Budget and sustainable MTFS over the five-year period 2023-28, to be reviewed and ultimately adopted at the meeting of Full Council on 02 March 2023.

5.2. The Council has developed the proposals contained in this report in light of its forecasts for future income levels and service demand. These take account of the Council's priorities, the extent of the estimated funding shortfall, the estimated impact of wider environmental factors such as inflation and legacy Covid-19 pandemic, and the Council's overall financial position. It is this appraisal that has led to these options being presented in this report.

5.3. These proposals will be subject to consultation, both externally and through the Overview and Scrutiny process, and the outcomes of these will inform the final budget proposals.

5.4. The Housing Revenue Account section of the report includes a consideration of the challenges presented by adverse economic changes on the HRA, including the increased cost of borrowing and inflation, meaning that the Council has had to consider how best to be able to maintain financial sustainability and continue a strong new build programme. A number of options have been modelled, including for some new homes, changing from formula rent to Shared Ownership or London Living Rent or London Affordable

Rent. The option which best ensures the long-term sustainability of the HRA is to use London Affordable Rent for some homes.

6. Funding Assumptions

6.1. The Council has access to five main sources of funding:
- Business Rates
- Council Tax
- Grants
- Fees & Charges
- Reserves

Business Rates and Grants are largely driven by the outcome of Spending Reviews (SR) and the Local Government Finance settlement.

6.2. The following paragraph provides an update on recent Government announcements on grant and other support to Local government along with wider economic factors impacting on budgetary assumptions. This is then followed by a section on each of the main sources of funding which set out the assumptions made in this draft Budget and MTFS.

Autumn Budget Statement and other Government Announcements

6.3. The Chancellor gave his Autumn Budget Statement on 17 November. This cam very late in the Council's Budget planning process and the implications of his announcement will need time to work through. Furthermore, the detail of actual funding allocations will not be available until the Provisional Local Government Finance Settlement (PLGFS) is published which is not expected until the week of 19 December.

6.4. The key announcements likely to impact Haringey budgets (directly or indirectly) are:
- **Council Tax Threshold** – increased core CT threshold to 3% and Adult Social Care (ASC) precept to 2%
- **Household Support Fund** – extended to 31.3.2024 with £1bn available nationally
- **Delay to Dilnot social care charging reforms to October 2025** – funding earmarked for the implementation will be maintained within local government
- **Adult social care and hospital discharge** - £1bn for 2023/24 and £1.7bn 2024/25 (national figures) with funding to be shared between the NHS and Local Authorities.
- **Schools** - Increase to the Spending Review 2021 levels of per pupil funding in real terms. £2.76bn 23/24; £2.76bn 24/25 at a national level. Will impact on DSG funding
- **Social Housing Rent cap** – 7% ceiling for 2023/24 only. Will impact on the HRA
- **Levelling Up Agenda** – the Statement made clear that this is an on-going Government commitment. Most likely to manifest through re-distribution of funding per authority as part of the PLGS

Business Rates and Revenue Support Grant

6.5. When the new localised business rates system was introduced in 2013, it set a 'baseline' for each local authority against which growth could be measured. It was recognised that the baseline would need to be re-visited after a number of years to ensure that the incentive to grow businesses in local areas was maintained.

6.6. The intention was for business rates baselines to be reset from April 2020 however, both SR19 and SR20 confirmed annual delays. SR21 was silent on the reset and it wasn't implemented for 2022/23. The Government has confirmed that it is pressing ahead with a revaluation in 2023 and it is unlikely that there will be departmental capacity to progress the reset alongside this. The draft Budget now assumes a reset in 2024 rather than 2023. As Haringey is a top up authority, even if this assumption proves incorrect, it is expected that a similar level of funding will accrue from a redistribution of business rates income in the form of additional/alternative grant.

6.7. Revenue Support Grant (RSG) and the amount provided to local government is just one part of the overall amount of funding determined during a Spending Review. However, for local authorities, since the introduction of the Business Rate Retention Scheme, Revenue Support Grant is the primary source of funding from central government and is calculated via the Settlement Funding Assessment (SFA) which consists of the local share of business rates, and Revenue Support Grant. The SFA is uprated year on year in line with the change in the small business multiplier (generally the September RPI) although for some years this has been CPI.

6.8. Both the 2023 business rates revaluation and the transfer of some business types from the local lists to the central lists are assumed to have a neutral impact on the budget.

6.9. The Council participated in the London Pool for three years (2018/19 – 2020/21). London chose not to continue the Pool in 2021/22 due to the significant impact that the Covid 19 pandemic had had on the business community and therefore forecast revenues. Pooling was revisited for 2022/23 and, while a London-wide pool was not deemed viable, a smaller pool consisting of Haringey and 7 other London boroughs was put into place for this year.

6.10. Modelling was undertaken during September which showed that the continuation of this 8 Borough pool is expected to have a similar financial benefit in 2023/24 to the current year c. £1.5m/£2.0m. The Council has therefore already supported in principle the continuation of the smaller pool. The final decision to proceed or not does not need to be taken until 28 days after the publication of the provisional local government finance settlement and to enable final due diligence to be built into the process, as last year it is proposed that the final decision to participate in the pool is delegated to the Director of Finance in consultation with the Lead Member. Given the uncertainty over the actual financial benefit, and indeed if government confirm agreement, nothing has yet been built into the Budget/MTFS model.

6.11. Currently, the MTFS assumes an 8% inflationary increase in business rates income including RSG, in 2023/24. Given the late timing of Government announcements overall funding across these budget heads has been assumed broadly flat for 2024/25+ in this draft Budget. These figures will be revised for the final Budget presented in February.

6.12. In terms of net growth in the business rates taxbase / hereditaments, the planning assumption across the MTFS period is that there will be no net growth. This is in line with the previous assumptions.

6.13. The forecast income from business rates related income, including revenue support grant, is shown in table 6.1 below.

Table 6.1

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Revenue Support Grant	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
RSG	(22,797)	(24,624)	(23,262)	(23,722)	(24,197)	(24,197)
NNDR Top Up Grant	(60,770)	(63,100)	(73,392)	(70,192)	(70,192)	(72,192)
NNDR Income & Fees	(21,218)	(19,192)	(22,291)	(22,737)	(23,192)	(23,192)
Section 31 Grants	(6,737)	(16,160)	(4,000)	(5,283)	(6,631)	(6,631)
Bus Rates Pool Benefit	(2,000)	-	-	-	-	-
NNDR (Surplus)/Deficit	225	271	-	-	-	-
Total	**(113,298)**	**(122,805)**	**(122,945)**	**(121,934)**	**(124,211)**	**(126,211)**

6.14. There continues to be uncertainty around the business rates regime beyond 2023/24. A reset of the baseline is still assumed to take place although no actual date has been set; wider reforms to the existing system have been expected for some years but again, no date or definite decisions have been announced.

Council Tax

6.15. The detailed financial modelling in this draft budget was prepared in advance of the Chancellor's Statement. The following assumptions were made about Council Tax:-

- A 1.99% increase in Council Tax in 2023/24 and for each subsequent year
- A 1% increase in ASC Precept for 2022/23 to 2024/25 inclusive, as announced in the SR21
- The tax base is forecast to grow by 1.5% in 2023/24 responding to the upswing in building activity post pandemic whereafter assumed growth returns to 1% pa to the end of the MTFS planning period
- The collection rate is assumed to continue on a post pandemic improvement and is forecast at 96.0% in 2023/24 before increasing to 97.00% in the subsequent years. These assumptions will be kept under review between now and the final budget report to assess any negative impact of the cost of living crisis. Further ahead, the Council must aspire to increase collection rates.
- The Council Tax Collection Fund account surplus was refined and reduced as part of last year's financial planning process to reflect the forecast impact of the C19 pandemic on revenues. This has now been further amended to remove any surplus beyond 2024/25.

6.16. The resulting projections for Council Tax income and Band D rates are set out in Table 6.2 below. These figures are subject to confirmation of the council tax base, which is due to be finalised in January 2023 and formal Council ratification of Council Tax Rates in March 2023.

Table 6.2

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000	£'000
Taxbase before collection rate	80,151	82,823	84,065	84,906	85,755	86,613
Taxbase change	3.50%	1.50%	1.00%	1.00%	1.00%	1.00%
Taxbase for year	82,823	84,065	84,906	85,755	86,613	87,479
Collection Rate	95.75%	96.00%	97.00%	97.00%	97.00%	97.00%
Taxbase after collection rate	**79,303**	**80,702**	**82,359**	**83,182**	**84,015**	**84,855**
Council Tax increase	1.99%	1.99%	1.99%	1.99%	1.99%	1.99%
Social Care precept	1.00%	1.00%	1.00%	0.00%	0.00%	0.00%
Band D rate	1,484	1,529	1,574	1,606	1,637	1,670
Council Tax Before Surplus	**117,696**	**123,353**	**129,649**	**133,550**	**137,570**	**141,710**
Previous Year (Estimated) Surplus	**1,950**	**1,950**				
Council Tax Yield	**119,646**	**125,303**	**129,649**	**133,550**	**137,570**	**141,710**

Grants

6.17. The Council receives a number of grants in addition to its main funding allocation. The Council is mostly allowed to use these grants to fund any council services, but some are ring-fenced, which means they can only be spent on specific services. As described earlier, it is expected that many of these grant figures will change before February.

Social Care Grants

6.18. The SR21 announced that specific grants would remain ‘cash flat’ and this draft Budget and MTFS assumes that this doesn’t change. Table 6.3 shows Social Care related grants and assumptions.

Table 6.3

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Revenue Support Grant	£'000	£'000	£'000	£'000	£'000	£'000
Better Care Fund (BCF) - (CCG Contribution)	6,047	6,388	6,388	6,388	6,388	6,388
Improved & Add'l Imp Better Care Fund (iBCF)	9,806	9,847	9,847	9,847	9,847	9,847
Social Care Support Grant	11,905	12,045	12,045	12,045	12,045	12,045
Mkt Sustainability & Fair Cost of Care Fund	775	tbd	tbd	tbd	tbd	
Total	**28,533**	**28,280**	**28,280**	**28,280**	**28,280**	**28,280**

6.19. It should also be noted that all these social care grants have been allocated directly against the relevant service budget heads rather than being kept corporately.

Housing Prevention Grant (HPG)

6.20. The Government has been consulting on the funding arrangements for the HPG for 2023/24 onwards with the stated aim of deriving a new funding formula based on current homelessness pressures, with the aim of ensuring that funding is distributed fairly to local authorities and is driven by a current picture of need.

6.21. The final methodology has not yet been confirmed by Government. They are though proposing to mitigate against any financial losses or gains in the short-term, by introducing transitional arrangements and capping the percentage change in funding for each local authority at 5% in 2023/4 and 10% in 2024/25.

6.22. This draft Budget has made no adjustments to the existing grant funding level of £8.4m. This will be kept under review and an update provided in February.

Core Grants

6.23. The current assumptions about the level of Core grants anticipated to be received in 2023/24 and across the remainder of the MTFS are set out below:

- Revenue Support Grant (RSG) is a core grant but fundamentally linked to the Business Rates system and so discussed in the Section above.
- The Local Council Tax Support Administration grant and the Housing Benefit Admin grant are assumed to be cash flat but continue across the MTFS;
- The Public Health (PH) grant is currently still assumed as cash flat across the MTFS however in recent years some uplift has been applied. Announcements of the final value are normally received after the final budget reports but it must be noted that this grant is ring-fenced to PH activity;
- New Homes Bonus, Lower Tier Services Grant and the 2022/23 Service Grant – the current MTFS already assumed that these grants would be phased out. This continues to be the thinking however, based on the last SR21 announcements, the draft MTFS assumes that a similar level of cash flat funding as received in 2022/23 will continue across the whole period. This funding is one of the greatest risks regarding any further decisions at central government level around the Levelling up agenda. Final figures will be included in the February report.

6.24. Table 6.4 shows the Core grant values across the MTFS period currently assumed.

Table 6.4

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Grant	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Council Tax Support Admin Grant	(457)	(457)	(457)	(457)	(457)	(457)
Housing Benefit Admin Grant	(1,351)	(1,351)	(1,351)	(1,351)	(1,351)	(1,351)
Public Health Grant	(20,353)	(20,353)	(20,353)	(20,353)	(20,353)	(20,353)
New Homes Bonus (NHB) / Replacement Funding	(1,208)	(1,208)	(1,208)	(1,208)	(1,208)	(1,208)
2022/23 Service Grant / Replacement Funding	(5,652)	(5,652)	(5,652)	(5,652)	(5,652)	(5,652)
Lower Tier Services Grant / NHB Replacement	(796)	(796)	(796)	(796)	(796)	(796)
Total	**(29,817)**	**(29,817)**	**(29,817)**	**(29,817)**	**(29,817)**	**(29,817)**
RSG	(22,797)	(24,624)	(23,262)	(23,722)	(24,197)	(24,197)
Total (inc. RSG)	**(52,614)**	**(54,441)**	**(53,079)**	**(53,539)**	**(54,013)**	**(54,013)**

Fees and Charges

6.25. The Council's policy in relation to varying external income requires service managers to review the level of fees and charges annually as part of budget setting and that charges should generally increase by the rate of inflation to maximise allowable income.

6.26. The setting of fees and charges, along with raising essential financial resources, can contribute to meeting the Council's objectives. Through the pricing mechanism and wider market forces, outcomes can be achieved, and services can be promoted through variable charging policies and proactive use of fees to promote or dissuade certain behaviours.

6.27. In the main, fees and charges are set at a level where the full cost of provision is recovered through the price structure. However, in many circumstances those charges are reduced through subsidy to meet broader Council priorities.

6.28. Each year the Council reviews the level of its fees and charges through consideration of a report by the Cabinet and its Regulatory Committee where it is a requirement that they are considered and approved outside of the Executive.

6.29. The proposed 2023/24 fees and charges will be presented to Cabinet in February 2023.

Use of Reserves

6.30. The Council's (Non-Earmarked) General Fund Balance is held to cover the net impact of risks and opportunities and other unforeseen emergencies. The funds held in the General Fund Reserve can only be used once and therefore are not a recurring source of income that can meet permanent budget gaps.

6.31. In setting a balanced budget for 2022/23 the Council agreed to use £4.7m of the Strategic Budget Planning reserve which had been previously earmarked for this purpose, in anticipation of the timescales that would be associated with responding to future budget changes. Last year's MTFS assumed the balance of this reserve, a further £5.5m, would be utilised to balance the 2023/24 Budget, again in recognition of the need to part smooth the step-up in savings requirements. The draft 2023/24 Budget now presented still assumes the need to draw down on this £5.5m.

6.32. The March 2023 Full Council report will provide a more comprehensive review of the overall sufficiency of Council reserves as part of the S151 statement included in the Final Budget/MTFS report. However, it should be recognised here that the need to maintain sufficient levels of reserves to help the authority cope with unforeseen changes in circumstances must be more important now than ever before.

Summary of Funding Assumptions

6.33. A summary of the currently assumed funding levels and sources is set out in Table 6.5 below.

Table 6.5

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Funding Source	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Council Tax	(117,884)	(123,353)	(129,649)	(133,550)	(137,570)	(141,710)
Council Tax Surplus	(1,925)	(1,950)	-	-	-	-
RSG	(22,797)	(24,624)	(23,262)	(23,722)	(24,197)	(24,197)
Top up Business Rates	(60,770)	(63,100)	(73,392)	(70,192)	(70,192)	(72,192)
Retained Business Rates	(21,218)	(19,192)	(22,291)	(22,737)	(23,192)	(23,192)
Section 31 Grants	(6,737)	(16,160)	(4,000)	(5,283)	(6,631)	(6,631)
NNDR Surplus/(Deficit) - C19 impact	225	271	-	-	-	-
NNDR Pool	(2,000)	-	-	-	-	-
New Homes Bonus	(1,208)	(1,208)	(1,208)	(1,208)	(1,208)	(1,208)
Public Health	(20,353)	(20,353)	(20,353)	(20,353)	(20,353)	(20,353)
Other core grants	(8,256)	(8,256)	(8,256)	(8,256)	(8,256)	(8,256)
Total External Funding	**(262,924)**	**(277,925)**	**(282,410)**	**(285,300)**	**(291,598)**	**(297,738)**
Contributions from Reserves	(4,564)	(5,500)	-	-	-	-
Total Funding	**(267,487)**	**(283,425)**	**(282,410)**	**(285,300)**	**(291,598)**	**(297,738)**

7. General Fund Revenue Assumptions

7.1. 2022/23 Financial Performance – General Fund Revenue

7.2. The 2022/23 Budget Update report, also part of this Cabinet agenda, provides an update on the Qtr2 budget position. It continues to differentiate between the base budget pressures and forecast non-delivery of MTFS savings.

7.3. Already at Qtr1, services were forecasting £15.7m variance from the agreed budget. The forecast at Qtr2 has stayed relatively constant, now showing £16.1m an increase of £0.4m compared to Qtr1.

7.4. The £16.1m consists of £8.1m base budget pressures and £8.0m non-delivery of agreed savings. The base budget pressures are largely driven by the two care services as they continue to report not only increased demand but also increased complexity and acuity which has a big impact on the cost of the care package. This pressure is being offset by underspends elsewhere.

7.5. Challenges in delivering the agreed MTFS savings is being felt across most Directorates and arise mainly due to capacity in the service, reassessment of the original proposals or wider environmental changes. Where it is not possible to achieve plans in this year, savings have been re-profiled into future years; where genuinely not deliverable because the original assumptions are no longer viable or are unable to deliver to the value originally intended, this has been recognised and they have been written out of the draft Budget.

7.6. It is not clear at this point the extent that the cost of living crisis will have on residents ability to pay council tax and other fees and charges and businesses ability to pay business rates. This will be reviewed in detail as part of the closure of the 2022/23 accounts when existing provisions for bad debt are re-calculated.

7.7. The impact of the persistent high levels of inflation is playing into the base budget pressures. The 2022/23 Budget was set including prudent assessments of pay and general inflation rates, albeit these were necessarily constrained by the availability of funding. The nationally negotiated pay settlement was c.1.2% higher than budgeted for which is adding an additional pressure of c. £1.6m to 2022/23 and will also impact on the 2023/24 budgets. Inflationary pressure on index linked contracts is manifesting as supply side costs linked to foreign currencies where the pound sterling has fallen. Borrowing costs have risen due to these wider economic factors and this is also being closely tracked as we progress through the year.

7.8. The number of identified pressures and overall volatility is concerning and makes forecasting in year open to considerable challenges. Furthermore, many of the issues are outside the direct control of Council.

7.9. Despite this, the financial planning process to date has sought to acknowledge and respond to these factors and to ensure that as far as possible they are addressed in the draft Budget for 2023/24.

7.10. **The 2023/24 Budget and 2023/28 MTFS Strategy**

7.11. It became clear early on in this year that the financial situation had worsened for most local authorities, this Council included, and this has been key in shaping the approach to the financial planning work for 2023/24. There has been a further step-up in finance and budget dialogue with managers throughout the Council, mirrored by Cabinet members.

7.12. Strategies are aimed at driving efficiencies from focussing on getting the basics right, collecting all the income due to the Council, improving commissioning strategies, implementing ‘Digital First’ to modernise customer services and minimise transactional costs, and putting a challenge to the existing and proposed capital programme.

7.13. The number of identified pressures, unknowns and overall volatility is concerning and makes setting a balanced 2023/24 Budget challenging. Furthermore, many of the issues are outside the Council’s direct control. The financial planning process to date has sought to acknowledge and respond to these factors but due to timings and matters still evolving, this cannot as yet be finalised. This draft Budget incorporates the Council’s current best estimate of the level of government funding for 2023/24.

7.14. The detailed draft funding allocations following the Chancellor’s Statement will be announced in the Provisional Local Government Funding Settlement in late December, after this report is published. It is clear though that this is the start of a challenging period. Therefore, it is essential that a strong focus is maintained on decisions impact on the sustainability of the future years of the MTFS.

7.15. For **2023/24** the emphasis has been on building on the Administrations ambitions of becoming a **competent, radical and collaborative** Council. Strategies will cover:

- Looking to drive efficiencies via focussing on doing things well
- Recognising that optimising Value for Money (VFM) (Efficiency, Effectiveness and Economy) is central to protecting services
- Looking to improving income collection
- Fees and charges review work
- Digital – to improve and modernise customer services, making it easier for residents to access services and to minimise transactional costs
- Tight control on the Capital programme

7.16. For **2024/25+,** given the poor forecasts for local authority finances, the Council must plan early for the change work and other measures necessary to ensure our services meet needs and commitments while maintaining financial sustainability.

7.17. **Budget Growth / Pressures**

7.18. The main corporate assumptions across the MTFS period are outlined below followed by a section focussing on the policy priorities and service specific items.

7.19. **Pay Inflation**

7.20. The pay deal for 2022/23 has recently been agreed at a flat rate / employee. This amounted to an average 5.4% increase which is c. £1.6m above the funding set aside for this purpose.

7.21. Although inflation continues in double digits currently, the forecast in the Autumn statement is for this to only fall back to c. 7.4% during the course of 2023/24. This draft Budget, assembled before this update, currently assumes 4% for 2023/24 before reverting back to more stable 2% across the remainder of the MTFS period.

7.22. **Non-Pay Inflation**

7.23. The impact of inflationary increases in the demand led services is addressed as part of the overall annual demand modelling exercise. This draft Budget has assumed a 5% inflationary increase for the social care purchasing budgets for 2023/24 which totals £5.0m. This budgetary increase is currently assumed to be offset by an equal level of savings. These will focus on improved commissioning and efficiencies; looking to reduce or eliminate the need for out-of-borough care and build internal capacity; increased integration and collaboration across the social care sector.

7.24. For all other non-pay inflation, the assumption continues that the services will broadly have to manage within existing budgets, thus absorbing any inflationary pressures. However, in recognition that some contracts include inflation-linked increases and utility costs continue to be volatile and difficult to predict an annual allowance is built into the budget to address these items should they arise.

7.25. Due to the current inflation levels, pressure on energy costs and volatility of the sterling, services are forecasting significantly higher needs and as such c.£4.0m has been provided for 2023/24. Due to the various services impacted, the % increases vary from 14% to 25%. From 2024/25 the budget allowance returns to a more stable figure of c. £1.5m pa.

7.26. **Employer Pension Contributions**

7.27. The latest triennial valuation, covering the period 2023/24 - 2025/26, confirmed no change required for 2023/24 but that the Council would need to increase its contribution rate by 0.5% across each of the years 2024/25 & 2025/26. This is estimated to have a £0.6m budgetary impact each year and has been built into the draft Budget.

7.28. No assumptions have been made about the financial impact of the next triennial valuation (2026-2028).

7.29. **Treasury & Capital Financing**

7.30. The GF Budget and MTFS were updated to reflect the implications of the updated capital programme but subsequently interest rate costs have risen markedly as described in the Treasury section below (Section 8). The current estimates indicate that this could push treasury costs to be c. £3m higher than currently modelled in this updated Budget for 2023/24. The degree of volatility and uncertainty associated with markets at this moment is such that this needs to be reviewed between now and February. This represents one of the significant budget risks.

7.31. These figures may also require revision depending on the outcome of consultation and scrutiny of the capital investment proposals between now and the final Cabinet report in February 2023 & the final Treasury Management Strategy Statement presented to Full Council later that month. Government funding announcements with further detail following the Autumn budget statement SR21 may also cause some of these figures to be revisited (for example where it becomes clear that grant funding will be made available to fund certain capital schemes).

7.32. **Levies**

7.33. The current assumption that all Levy costs except the North London Waste Authority (NLWA) levy will remain broadly in line with the 2022/23 figures across the period.

7.34. The NLWA has seen significant increased income and cost savings so far this financial year. Less waste and higher recycling rates are forecast compared with the budget. On the back of this, the NLWA waived the November 2022 levy payment to each authority which represented £0.655m for Haringey. Due to the rising value of electricity, London Energy Ltd is also earning considerably more for electricity. NLWA are indicating that this additional income, coupled with retained surpluses, will be applied to reduce the 2023/24 levy.

7.35. Their next meeting will take place after the publication of this draft Budget report with final figures confirmed in February 2023 and therefore the impact of any benefit will be built into the final Budget report.

7.36. **Contingency**

7.37. The Council holds a single corporate contingency largely to manage any slippage to the agreed budget reduction programme in any one year as well as addressing unforeseen circumstances which cannot realistically be built into budget plans. This Budget assumes that the contingency for 2023/24 and across the remainder of the MTFS is £7.4m.

7.38. **Policy Priorities**

7.39. Despite the challenges outlined in this report, this draft Budget for 2023/24:

- Ensures we can continue to meet the significant need of our most vulnerable residents – through further, year on year additional investment in Children's and Adult's services. (£6m in 2023/24)
- Drives value for money through a significant efficiency and reform agenda – with every area of the council contributing. (c£19m in savings and additional income)
- Provides financial advice and support to residents who need it including through Council Tax Reduction, our Financial Support Team; and the Haringey Support Fund.
- Maintains critical support for our children and young people with little direct funding by Central Government – including Free School Meals for an additional 650 children who are just above the entitlement threshold; Putting the funding for the Rising Green Youth Hub on a long-term footing.

7.40. **Service Growth Budget Adjustments**

7.41. The existing MTFS contains a level of growth assumed which has been reviewed and still be required.

7.42. The financial planning process this year again sought to identify and address existing budget challenges that could not be mitigated by services as well looking ahead and estimating new requirements largely driven by demographic change, inflation and the cost of living crisis.

7.43. Appendix 2 details the proposed additions by Directorate and these are summarised in the table below.

Growth	2023/24	2024/25	2025/26	2026/27	2027/28	Total
Culture Strategy & Engagement	1,130	(334)	(165)	(187)	(134)	310
Environment & Neighbourhoods	2,546	-	-	-	-	2,546
Adults, Health & Communities	6,000	-	-	-	-	6,000
Children's Services	4,875	312	-	-	-	5,187
Placemaking & Housing	230	(230)	-	-	-	-
Total	**14,781**	**(252)**	**(165)**	**(187)**	**(134)**	**14,043**

7.44. Attention is drawn to the c.£11.0m growth being added to the social care which is on top of the sums already built into the current MTFS.

7.45. The growth in the other Directorates is largely addressing recurring base budget pressures.

7.46. **Budget Reduction Proposals / Savings**

7.47. The Council has previously agreed £1.394m savings to be delivered across the period 2023-2026 as outlined in the table below.

Management Area	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/ £'000	2027/28 £'000	Total £'000
Culture Strategy & Engagement	6					6
Environment & Neighbourhoods	(1,370)	1,360	170			160
Adults, Health & Communities	586	12				598
Children's Services	130	230				360
Placemaking & Housing	100	100	70			270
Corporate Budgets						-
Total	**(548)**	**1,702**	**240**	**-**	**-**	**1,394**

7.48. The 2022/23 financial planning process did not propose any additional savings, instead acknowledged that the new and any brought forward delivery programme for 2022/23, which became £20m, was challenging.

7.49. As is the practice at this Council, existing savings plans have been reviewed and challenged robustly to ensure that they can still be met as originally agreed and if not, looks to re-profile. If after all actions have been explored, the savings targets are still acknowledged to be undeliverable, they are proposed to be written out of the financial plans.

7.50. This outcome of this process is shown in the table below and the implications built into this draft Budget. In total c.£8.9m of savings won't be delivered as planned, though nearly £3m of these will be in later years.

Haringey LONDON

Amended Savings	2023/24	2024/25	2025/26	2026/27	2027/28	Total £'000
Culture Strategy & Engagement	2,967	(525)	(1,860)			582
Environment & Neighbourhoods	490					490
Adults, Health & Communities	5,421	(486)				4,935
Children's Services						-
Placemaking & Housing						-
Total	**8,878**	**(1,011)**	**(1,860)**	**-**	**-**	**6,007**

7.51. It should be noted that the major adjustment in Culture, Strategy and Engagement relates to the cross-council Digital Together saving. This programme has now been refocussed and requires a wider timeframe to deliver; hence it has been re-profiled out across 2024/25 & 2025/26. In Adults, Heath and Communities, the majority of the final year of a challenging savings programme has been removed but has been replaced by a similar level of new proposals (see below).

7.52. The table below sets out the new savings proposals in this budget, by Directorate across the period. It can be seen that the majority of these are planned for delivery in 2023/24.

7.53. The main components of the Environment and Neighbourhoods proposals relate to parking and highways and are based on our current policy of implementing LTNs. We have committed to reviewing the operation of the LTN schemes and if changes are made as part of that process, these projections will be adjusted to reflect that. Appendix 3 provides further details of the proposals

New Savings	2023/24	2024/25	2025/26	2026/27	2027/28	Total £'000
Culture Strategy & Engagement	(1,157)	(870)	(210)	(5)	(5)	(2,247)
Environment & Neighbourhoods	(6,614)	869	(1,289)	6	(44)	(7,072)
Adults, Health & Communities	(8,462)	(3,055)	159	100	-	(11,258)
Children's Services	(1,500)	-	-	-	-	(1,500)
Placemaking & Housing	(370)	(10)	-	-	-	(380)
Total	**(18,103)**	**(3,066)**	**(1,340)**	**101**	**(49)**	**(22,457)**

7.54. Overall, the impact of the above proposals delivers a <u>net</u> savings programme totalling £15.0m across the MTFS with the majority (£9.8m) to be delivered in 2023/24. This is seen in the table below.

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Net Savings Proposed 2023-2028	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/ £'000	2027/28 £'000	Total £'000
Culture Strategy & Engagement	1,816	(1,395)	(2,070)	(5)	(5)	(1,659)
Environment & Neighbourhoods	(7,494)	2,229	(1,119)	6	(44)	(6,422)
Adults, Health & Communities	(2,455)	(3,529)	159	100	-	(5,725)
Children's Services	(1,370)	230	-	-	-	(1,140)
Placemaking & Housing	(270)	90	70	-	-	(110)
Corporate Budgets	-	-	-	-	-	-
Total Savings	**(9,773)**	**(2,375)**	**(2,960)**	**101**	**(49)**	**(15,056)**

7.55. It should be noted that these figures do not reflect any un-delivery of 2022/23 savings which would add to these totals.

7.56. **Summary Revenue Budget Position 2023/24 – 2027/28**

7.57. After taking into account the proposed amendments to existing plans and funding, the new savings and growth proposals discussed in the sections above, the current draft revenue Budget position for next year and across the MTFS period is set out in the table below. The proposed 2023/24 General Fund Budget currently has a budget gap of £3.1m after the planned application of £5.5m from the Strategic Budget Planning reserve. Work will continue to ensure completion of a balanced final Budget.

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Budget	Draft Budget	Projected	Projected	Projected	Projected
Directorate	£'000	£'000	£'000	£'000	£'000	£'000
Adults, Health & Communities	109,648	114,586	114,135	117,082	120,003	120,003
Children's Services	52,006	57,300	57,590	57,610	57,630	57,230
Culture, Strategy & Engagement	31,581	34,763	33,034	30,799	31,157	31,018
Environment & Neighbourhood	14,785	12,387	16,902	19,043	19,049	19,005
Placemaking & Housing	8,000	7,148	6,433	6,363	6,333	6,333
Chief Executive	287	295	295	295	295	295
Corporate Governance	1,531	1,809	1,809	1,809	1,809	1,809
Finance	45,086	52,774	66,760	75,581	83,630	91,664
Council Cash Limit	**262,924**	**281,062**	**296,958**	**308,582**	**319,906**	**327,357**
Planned Contributions from Reserves	(4,564)	(5,500)				
Further Savings to be Identified	-	(3,138)	(14,548)	(23,282)	(28,308)	(29,619)
Total General Fund Budget	**258,360**	**272,425**	**282,410**	**285,300**	**291,598**	**297,738**
Council Tax	(117,884)	(123,353)	(129,649)	(133,550)	(137,570)	(141,710)
Council Tax Surplus	(1,925)	(1,950)	-	-	-	-
RSG	(22,797)	(24,624)	(23,262)	(23,722)	(24,197)	(24,197)
Top up Business Rates	(60,770)	(63,100)	(73,392)	(70,192)	(70,192)	(72,192)
Retained Business Rates	(21,218)	(19,192)	(22,291)	(22,737)	(23,192)	(23,192)
Section 31 Grants	(6,737)	(16,160)	(4,000)	(5,283)	(6,631)	(6,631)
NNDR Surplus/(Deficit)	225	271	-	-	-	-
NNDR Growth	(2,000)	-	-	-	-	-
Total Main Funding	**(233,107)**	**(248,108)**	**(252,594)**	**(255,483)**	**(261,781)**	**(267,922)**
New Homes Bonus	(1,208)	(1,208)	(1,208)	(1,208)	(1,208)	(1,208)
Public Health	(20,353)	(20,353)	(20,353)	(20,353)	(20,353)	(20,353)
Other core grants	(8,256)	(8,256)	(8,256)	(8,256)	(8,256)	(8,256)
Total Core/Other External Grants	**(29,817)**	**(29,817)**	**(29,817)**	**(29,817)**	**(29,817)**	**(29,817)**
Total Income	**(262,924)**	**(277,925)**	**(282,410)**	**(285,300)**	**(291,598)**	**(297,738)**

7.58. After taking into account the proposed amendments to existing plans and funding, the new savings and growth proposals discussed in the sections above, the current draft revenue Budget position for next year and across the MTFS period is set out in the table below. The proposed 2023/24 General Fund Budget currently has a budget gap of £3.1m after the planned application of £5.5m from the Strategic Budget Planning reserve. Work will continue to ensure completion of a balanced final Budget.

7.59. **Review of assumptions and risks 2023/24 – 2027/28**

7.60. The Council's Section 151 Officer has a statutory responsibility to assess the robustness of the Council's budget and to ensure that the Council has sufficient contingency/reserves to provide against known risks in respect of both expenditure and income. This formal assessment will be made as part of the final report on the Council's budget in March 2023 and will draw on independent assessments of the Council's financial resilience where available however, it is critical that this report outlines the assumptions and approach to risk taken when arriving at the budget proposals included in the draft Budget & MTFS.

7.61. Given the increased financial pressure that is falling upon this council's budget and the uncertain national political and economic picture, this statutory role is acquiring more and more significance. The number and breadth of potential risks and level of uncertainty, particularly around the legacy impact of the Covid-19 pandemic, inflationary levels, cost of living crisis and levels of Government funding, underlines the need to maintain both a budgeted resilience contingency and keep general and earmarked reserves at current levels.

7.62. The main uncertainties and risks identified to date which my impact on the Council's budget for 2023/24 and over the period of the MTFS are:

- Detailed grant funding figures for 2023/24 and beyond have yet to be announced and are subject to the final local government settlement expected in January 2023; and it is likely that current assumptions will need significant revisions.
- The ongoing economic impact of inflation and the war in Ukraine is likely to continue to put pressure on costs and supply chain.
- Level of interest rates and their subsequent impact on borrowing costs.
- These will continue to place stress on individuals and businesses manifesting in the cost of living crisis.
- While significant progress has been made working with the DfE on the Safety Valve programme, final confirmation of support has yet to be received; furthermore, delivery of the agreed strategy will be challenging.
- The Levelling Up agenda and associated funding distribution methodologies could be negative for this Council's funding allocations.
- Planned actions to increase Council managed temporary accommodation options do not progress at the pace expected.
- The Council's savings programmes do not deliver the required savings, do not deliver savings quickly enough.
- Any further deterioration in the forecast 2022/23 position including non-delivery of in year savings
- The ability to retain and attract suitably qualified and skilled workforce hampers the delivery of the Council's ambitions.

8. Council's Capital Strategy and Capital Programme 2023/24 – 2027/28

8.1 This capital strategy report gives a high-level overview of how capital expenditure, capital financing, and treasury management activities contribute to the provision of public services in Haringey. It also provides an overview of how the risks of the capital programme are managed and the implications for future financial sustainability.

8.2 The current economic environment has impacted the capital programme in a number of ways. Inflation and the subsequent Bank of England response in raising interest rates has meant that the interest that the Council pays on the borrowing that it undertakes to fund the capital programme (both the existing capital programme and the proposed additions) has increased significantly. The increase in inflation has impacted the cost of raw materials and the tightness in the supply chain for capital works (labour and materials) has added both cost and time to schemes. In addition, the increased costs are making it increasingly difficult to achieve self-financing business cases for those schemes where this is expected.

8.3 Looking forward, the Council's capital investment proposals include continued investment in the school estate. The budget proposals include the potential development of Edwards Drive into a centre for adults with learning difficulties as well as funding for the locality's strategy.

8.4 There is increased investment in the infrastructure of the borough's parks and streets. The proposals double the planned investment in the Active Life In Parks programme and the Parks Asset Management for 2023/24. Historically the Council received significant funding from TfL to support the highways of the borough. The pandemic hit TfL's finances hard, and it has not been able to provide the level of support to borough's as it used to. The Council's proposals allow for funding of the type of work previously funded by TfL in 2023/24 to be met by Council borrowing. In future years it has been assumed that external grant will be available to fund these works. There is also significant new investment in the Cycling & Walking Action Plan in 2023/24 and again in future years the investment is dependent on the Council identifying external funding.

8.5 The Council is continuing to invest in its economic infrastructure with funding for the construction for the Wards Corner, the Gourley Triangle and the Selby Urban Village schemes. Progression to construction will be subject to a successful business case for each scheme. There is also additional investment in school streets and investment in School Clean Air Zones and investment in the Council's commercial and operational property.

8.6 The Council is also investing in its digital offering to ensure that our customers receive the best possible service as well enhancements to its digital infrastructure.

8.7 The Council continues to invest in housing through its new homes programme. This expenditure is contained within the housing revenue account (HRA).

Background

8.8 Capital expenditure in local government is defined in statute and accounting practices/codes and as such must be complied with. Within these rules, capital budgets and capital expenditure decisions offer the opportunity for the Council to profoundly affect the lives of its residents, businesses, and visitors in both the immediate and the longer term.

8.9 Capital programmes can shape the local environment (e.g. through the provision of new housing, traffic schemes or regeneration schemes); positively impact people's lives (e.g. through creating appropriate housing for adults with learning difficulties or investment in parks and open spaces); transform the way the Council interacts with local residents (e.g. through the libraries investment programme or proposals for locality provision); and deliver fit for purpose schools.

8.10 The key objectives for the Council's capital programme are to deliver the borough plan and assist the Council in meeting the service and financial challenges that it continues to face.

Capital expenditure and financing

8.11 Capital expenditure is where the Council spends money on a project, with the view to derive societal, service and economic benefit from the expenditure, for a period longer than twelve months. This can also include spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets.

8.12 The table below shows a high-level summary of the Council's outline capital spending in the medium-term i.e., for the financial years 2023/24-2027/28, which shows the continued and growing capital investment that is being undertaken to support the achievement of the borough plan objectives and to improve people's lives.

Table 8.1: Capital expenditure plans overview 2023/24 - 2027/28

	2022/23 Budget (£'000)	2023/24 Budget (£'000)	2024/25 Budget (£'000)	2025/26 Budget (£'000)	2026/27 Budget (£'000)	2027/28 Budget (£'000)	Total (£'000)
Previously Agreed							
General Fund Account (GF)	259,670	245,718	164,279	101,153	41,119		**811,939**
Housing Revenue Account (HRA)	276,900	453,834	323,065	228,633	227,953		**1,510,385**
Total =	**536,570**	**699,552**	**487,344**	**329,786**	**269,072**		**2,322,324**
Proposed							
General Fund Account (GF)		289,385	196,864	207,825	232,451	15,355	**941,880**
Housing Revenue Account (HRA)		262,962	289,102	322,107	305,880	246,218	**1,426,269**
Total =		**552,347**	**485,966**	**529,932**	**538,331**	**261,573**	**2,368,149**

8.13 The capital programme is composed of individual directorate programmes. Within these directorate totals there are schemes and within most schemes there are individual projects. For instance, Scheme 302, Borough Roads, will contain individual projects on individual roads.

8.14 Where additional funding is proposed for an existing scheme, this will be added to the scheme rather than creating a new scheme. A full list of proposed additions to the capital programme are contained in appendix 5.

8.15 About 20% of the capital programme, down from a 33% last year, is composed of schemes that are wholly funded by Council borrowing and not self-financing or met from external resources. These schemes largely reflect the statutory duties of the council. In large part these schemes are not able to attract external resources to either supplement or supplant Council borrowing as they are core to the Council's operation.

There are a range of schemes within the General Fund capital programme that will only proceed, if they are estimated to result in a net reduction in expenditure. That reduction will include the cost of financing the borrowing and contribute to the MTFS through making savings or increasing income. These schemes are known as self-financing schemes. The decision to proceed with these schemes will follow the production of a detailed business case that supports the investment and identifies reductions in expenditure.

8.16 The Children's Services capital programme is largely reliant on Council borrowing. For the period 2023/24-2027/28 the Council is planning to spend £74.5m, of which approximately £25.1m is funded through government grant leaving a borrowing requirement of £49.4m. The cost of the increased borrowing investment in schools falls on the Council's revenue account through increased borrowing costs.

8.17 The Adults, Health & Communities Services capital programme is £92.6m, of which much of the programme is self-financed at £75.9m. In addition, there is £11m of grant funded expenditure.

8.18 Within the Environment & Neighbourhoods directorate, the proposed capital programme for the period 2023/24-2027/28 is broadly estimated at £89.4m of which approximately £23.4m is externally funded.

8.19 The Placemaking & Housing capital programme has an estimated value of £600m, of which £232m is funded externally and £303.4m is self-financing. Council borrowing in this part of the capital programme is proportionately lower than in others at £64.6m. The majority of this borrowing is to match fund schemes in the South Tottenham Regeneration projects, the Wood Green Regeneration Strategy and the Corporate Landlord remediation works.

8.20 The basic premise for the Placemaking & Housing programme is to provide a funding envelope within the budget and policy framework (through the creation of enabling budgets) which equips the council with the ability to respond to opportunities in a timely way. This means that this capital programme is both front loaded and prone to reporting slippage.

8.21 The Culture, Strategy & Engagement capital programme is estimated at £91.2m with the majority, £72.3m funded through self-financing. £52.9m of this self-financing relates to the Civic Centre refurbishment and £20.1m relates to the Bruce Castle Museum restoration work.

8.22 The inclusion of a scheme within the capital programme is not necessarily permission to spend. Most schemes will be subject to the completion of an approved business case that validates the high-level cost and time estimates contained within the programme. An integral part of the business case will be an assessment of the risks that a project faces and once a project is agreed, the review of the risk register is a standing item on the agenda for the project's governance arrangements.

8.24 Service managers bid annually as part of the Council's budget setting process. The bids are assessed against their response to need in relation to the Council's priorities, the asset management plan and meeting the objectives of the medium-term financial strategy (MTFS). In addition, schemes have been considered for their contribution to economic recovery, to growth, and to jobs.

8.25 The Housing Revenue Account (HRA) is a ring-fenced account, which ensures that the Council's housing activities are not subsidised by the Council's non-housing activities. It also ensures that the Council's non-housing activities are not subsidised by its HRA. HRA capital expenditure is recorded separately.

8.26 The Capital Programme for 2023/24 has considered and been reviewed to ensure that it delivers in line with the Council's Carbon Reduction ambition. There are no projects that will increase the carbon footprint of the Council. There are several projects however, where there is the opportunity that these can be designed to ensure that at the delivery stages Zero Carbon requirements will be delivered. These include:

- Land Purchases for future development. At the development stage these projects will have to deliver on site the zero carbon requirements for Planning and the long-term asset owners and occupiers.

- Construction works (such as the Parkland Walk Bridge). The procurement for these works will include carbon within the selection for materials and contractors works.

- Road Safety Programme and Highways Maintenance. To deliver transport infrastructure that is safe and supports active travel options.

- School's capital Maintenance – the Council has just completed its Energy Action Plan for its schools, and this capital funding will deliver this through including carbon reduction measures (insulation, glazing, low carbon heating) within these programmes.

- Local Business Space Energy Improvements – With local SME's struggling with energy costs the Council will review its commercial portfolio and improving the energy efficiency levels, the heating and lighting systems

- Street Light upgrades – continuing the upgrades of lights to LED and new street light columns that can house electric vehicle charging points in the base.
- Parks Improvements – creating new biodiversity areas, tree planting, activity areas and active travel options in and around our parks.

- Active and health spaces around our schools - We are increasing the funding for our successful School Streets programme and introducing Healthy Schools Zones to improve air quality in our most polluted schools of the borough. Creating safe space and infrastructure to encourage active travel options.

- Delivering on our Walking and Cycling Action Plan - funding to successfully deliver on the Council's active travel ambition with improved and new infrastructure.

The table below details the proposed capital expenditure plans by directorate.

Table 8.2: Capital expenditure plans by directorate

	2023/24 Budget (£'000)	2024/25 Budget (£'000)	2025/26 Budget (£'000)	2026/27 Budget (£'000)	2027/28 Budget (£'000)	Total (£'000)
Children's Services	33,694	24,671	14,301	1,831	0	**74,496**
Adults, Health & Communities	46,973	11,515	17,771	14,377	2,000	**92,637**
Environment & Neighbourhoods	23,539	21,578	19,268	15,391	4,069	**83,845**
Placemaking & Housing	133,622	114,281	144,265	198,676	8,886	**599,730**
Culture, Strategy & Engagement	51,557	24,820	12,220	2,176	400	**91,173**
Total General Fund (GF)	**289,385**	**196,864**	**207,825**	**232,451**	**15,355**	**941,880**
Housing (HRA)	**262,962**	**289,102**	**322,107**	**305,880**	**246,218**	**1,426,269**
Overall Total	**552,347**	**485,966**	**529,932**	**538,331**	**261,573**	**2,368,149**

8.27 Appendix 4 includes the previously agreed schemes plus any changes since the last budget (up to and including the December 2022 Cabinet), plus the new schemes and adjustments proposed. This indicates how each scheme is financed:

H is for schemes that are funded by borrowing,

S is for schemes that are funded by the borrowing but where there are compensating savings are made in service budgets,

E is for schemes that are funded by an external party, and

Where there is more than one letter, this indicates that the scheme is funded from more than one source with the source contributing the most indicated first.

Appendix 5 provides details of the new and adjusted schemes. The following paragraphs provide a high-level description of each directorate’s new capital proposals.

8.28 Children’s Services

There is one new scheme, the Safety Valve scheme, of £7m (subject to a successful application to the Department for Education) proposed for Children’s Services. If successful, this would part fund the creation of in borough specialist provision for children special educational need and disabilities (SEND). This would provide high quality provision at a lower cost through not sending children out of borough. The site or sites for the provision have not been identified at this time.

8.29 Adult, Health and Communities

There are two new schemes proposed for the area. The first, Edwards Drive, which is intended to develop much needed supported living facilities with integrated on-site health and care services for learning disabled adults. The Council would need to acquire the property from the NHS. The budget for this is £21m and is subject to a successful business case. The second scheme is to take forward the Council's localities strategy to bring integrated services from a range of providers (the Council, NHS, voluntary sector) into 4-6 hubs and has a budget of 3m

8.30 Environment & Neighbourhoods

The existing Environment & Neighbourhood capital programme is designed to make the borough a cleaner and safer place where residents can lead active and healthy lives. The proposed new capital schemes build on these priorities with additional investment.

A previously significant source of funding for the borough's infrastructure was grants received from Transport for London (TfL). Due to the financial situation of TfL these grants have largely ceased. Even though these grants have ceased the works still need to be undertaken.

It is proposed to invest a further £1m in the road casualty reduction initiative with Council borrowing, £0.8m, as there was very limited funding provided by Transport for London (TfL), £0.2m.

Additional investment is proposed of £3.495m for investment in a range of road and pavement infrastructure which is being funded by the Council through borrowing as there was no TfL funding allocated.

There is a proposal to double the amount of investment in the Active Life in Parks programme, by £0.23m, and to double the investment in the Parks Asset Management, by £0.3m. In addition, there is additional investment in the Parkland Walk Bridges programme. The programme also allows for the continuation of investment in street lighting and borough roads in future years.

The level of funding for the borough roads scheme and the accident reduction scheme are included in the programme as being funded by Haringey borrowing in 2023/24, with a slight downward adjustment compared to the existing budget. In future years it has been assumed that there will be external funding provided to undertake the works.

8.31 Placemaking & Housing

There is a significant increase in the investment proposed for the Wards Corner scheme (£66m), the Gourley Triangle scheme (£108m), the Selby Urban Village scheme (£46.7m) and the SME intensification scheme (£11.4m). The proposed investment is in addition to existing budgets and subject to successful business cases. The investments are included within the capital programme on the basis that they are self-financing.

The Walking & Cycling Action Plan is included in the capital programme. In 2023/24 the three elements, Cycle Route Delivery, £1.75m, LTN Delivery, £1.2m, and Cycle Parking (Hangers) Delivery are funded through SCIL and limited TfL funding. The expenditure in future years will proceed if funding is identified.

Also included are proposals for the expansion of school streets, £0.4m, investment for Clean Air School Zones, £0.4m which are funded by borrowing. The expenditure in future years will proceed if funding is identified.

Further investment in the Councils assets are proposed for the operational buildings and the commercial portfolio.

8.32 Culture, Strategy & Engagement

The initial proposals contain further investment in the Council's IT assts. The move from an analogue telephone system to a digital one by BT (known as the Big Switch Off) will mean the replacement of existing lines in a range of buildings and services. The proposals also allow for continued investment in the IT estate such as the laptop refresh.

8.33 Financing

All capital expenditure must be financed from either and external source (government grant or other contributions), the Council's own resources (revenue, reserves, or capital receipts) or debt (borrowing, leasing, Private Finance Initiative). The Council's capital programme has moved to a financing strategy that seeks to ensure that investment via the capital programme is self-financing or funded from external resources wherever possible. The draft capital programme for 2023/24-2027/28 is analysed in the table below and shows that the majority of schemes being proposed (80%) are either self-financing or funded via external resources:

Table 8.3: Financing Strategy

	General Fund Borrowing		External	Total
	Met from General Fund (£'000)	Self Financing met from Savings (£'000)	(£'000)	(£'000)
Children's Services	43,672	5,700	25,124	**74,496**
Adults, Health & Communities	5,708	75,923	11,006	**92,637**
Environment & Neighbourhoods	54,938	6,779	22,128	**83,845**
Placemaking & Housing	64,285	311,435	224,010	**599,730**
Culture, Strategy & Engagement	18,842	72,331	0	**91,173**
Total	**187,444**	**472,168**	**282,268**	**941,880**

8.34 The self-financing schemes will normally only proceed if they produce a reduction in expenditure that includes reductions enough to cover the cost of financing the investment. This is necessary to ensure that the investment contributes to meeting the financial challenges that the Council faces. It is noted however, that in some limited circumstances, that schemes may proceed even if they do not produce a reduction in expenditure enough to cover the cost of financing the investment.

8.35 As debt needs to be repaid the Council is required by statute to set aside from its revenue account an annual amount sufficient to repay borrowings. This is known as the minimum revenue provision (MRP). The MRP for the period is set out below:

Table 8.4: Estimated MRP

	2022/23 Forecasts (£'000)	2023/24 Forecasts (£'000)	2024/25 Forecasts (£'000)	2025/26 Forecasts (£'000)	2026/27 Forecasts (£'000)	2027/28 Forecast (£'000)
MRP	13,368	19,145	25,586	29,282	33,918	37,948

8.36 The Council's underlying need to borrow to finance its capital programme is measured by the capital financing requirement (CFR). This increases when new debt financed capital expenditure is incurred and reduces when MRP is made. The increase in MRP in 2022/23 is partially due to the end of the MRP holiday and was addressed in detail in the Treasury Management Strategy considered by Council in February 2021.

Table 8.5: Prudential Indicator: Estimates of Capital Financing Requirement

	2022/23 Budget (£'000)	2023/24 Budget (£'000)	2024/25 Budget (£'000)	2025/26 Budget (£'000)	2026/27 Budget (£'000)	2027/28 Budget (£'000)
CFR	1,375,493	1,540,063	1,901,188	2,293,138	2,568,101	2,713,322

Asset Management

8.37 The Asset Management Plan is the subject of a separate report and will be considered at the February Cabinet.

Asset Disposals

8.38 When a capital asset is no longer needed, it may be sold, and the proceeds (known as capital receipts) can be spent on new assets or can be used to repay debt. Repayments of grants, loans and non-treasury investments also generate capital receipts. The Council is currently permitted by legislation to spend capital receipts to deliver cost reductions and/or transformation. This is known as the flexible use of capital receipts and this flexibility is currently due to expire on the 31st March 2025.

8.39 As stated above, capital receipts can be used to fund capital expenditure or repay debt. The budget assumption is that capital receipts will not fund capital expenditure or debt repayment. It is anticipated that the capital receipts received in the MTFS period covered by the flexibility (up to 31st March 2025) will be used to deliver cost reductions and/or transformation. There is a separate policy statement and schedule of proposed initiatives to utilise capital receipts flexibly.

Treasury Management

8.40 The Council has a separate Treasury Management Strategy Statement (TMSS) that outlines in detail the Council's treasury management matters. The Capital Strategy document repeats some of the information contained within the TMSS but places the information in the context of the capital programme and Borough Plan.

8.41 Treasury management is the management of the Council's investments, cash flows, its banking and capital market transaction and the effective control of the risks associated with those activities. Surplus cash is invested until required in accordance with the guidelines contained on the approved TMSS, while a short term liquidity requirements can be met by borrowing. This is to avoid excess credit balances or overdrafts at the bank. The Council is typically cash rich in the short term as cash revenue income is received before it is spent but cash poor in the long-term as capital expenditure is incurred before it is financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce borrowing.

Borrowing Strategy

8.42 The council's main objectives when borrowing is to achieve a low but certain cost of finance while retaining flexibility should its plans change in the future. These objectives are often in conflict as the Council seeks to strike a balance between cheap short-term loans and long-term fixed loans where the future cost is known, but higher.

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

Table 8.6: Prudential Indicator: Gross Debt and the Capital Financing Requirement

	31/3/22 Actual (£'000)	31/3/23 Budget (£'000)	31/3/24 Budget (£'000)	31/3/25 Budget (£'000)	31/3/26 Budget (£'000)	31/3/27 Budget (£'000)	31/3/28 Budget (£'000)
Borrowing Debt	700,415	1,204,505	1,362,827	1,700,076	2,064,552	2,309,280	2,423,369
PFI & Lease Debt	26,701	19,471	17,421	12,690	9,802	8,849	8,849
Total Debt	**727,116**	**1,223,976**	**1,380,247**	**1,712,766**	**2,074,353**	**2,318,129**	**2,432,218**
Capital Financing Requirement	972,537	1,375,493	1,540,063	1,901,188	2,293,138	2,568,101	2,713,322

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

Affordable Borrowing Limit

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

Table 8.7: Prudential Indicator: Authorised limit and operational boundary for external debt

	2022/23 limit (£'000)	2023/24 limit (£'000)	2024/25 limit (£'000)	2025/26 limit (£'000)	2026/27 limit (£'000)	2027/28 limit (£'000)
Authorised limit – borrowing	1,286,022	1,452,642	1,818,497	2,213,336	2,489,252	2,634,473
Authorised limit – PFI & leases	25,702	22,995	16,751	12,938	11,681	11,681
Authorised limit – total external debt	**1,311,724**	**1,475,637**	**1,835,249**	**2,226,274**	**2,500,932**	**2,646,154**
Operational boundary - borrowing	1,236,022	1,402,642	1,768,497	2,163,336	2,439,252	2,584,473
Operational boundary – PFI & leases	23,366	20,905	15,228	11,762	10,619	10,619
Operational boundary – total external debt	**1,259,387**	**1,423,547**	**1,783,726**	**2,175,098**	**2,449,871**	**2,595,092**

8.46 Although capital expenditure is not charged directly to the revenue account, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs. This is compared to the net revenue stream i.e., the amount funded from Council Tax, business rates and general government grants.

8.47 The table below shows the net estimated capital financing costs based on the capital programme and the revised set of assumptions. The table also shows how these forecasts compare to the budget that is currently built into the MTFS plan.

Table 8.8: Estimated Capital Financing Costs

	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
	£000	£000	£000	£000	£000	£000
MRP - pre 2008 expenditure	2,283	5,019	5,019	5,019	5,019	5,019
MRP - post 2008 expenditure	11,085	14,126	19,566	24,263	28,899	32,928
Total MRP	**13,368**	**19,145**	**24,586**	**29,282**	**33,918**	**37,948**
Interest Costs (General Fund)	11,274	19,345	25,090	29,492	32,050	33,281
Total Gross Capital Financing Costs (GF)	**24,642**	**38,490**	**49,676**	**58,774**	**65,968**	**71,228**
Offsetting Savings for self financing schemes	-8,835	-14,713	-21,788	-30,162	-36,196	-37,620
Total Net Capital Financing Costs (GF)	**15,807**	**23,777**	**27,887**	**28,612**	**29,773**	**33,608**
Existing MTFS Budgets	**13,208**	**20,308**	**24,124**	**27,974**	**31,574**	**35,674**
Interest Costs (HRA)	**14,861**	**18,979**	**28,599**	**38,365**	**46,548**	**52,019**

Table 8.9: Proportion of financing costs to net revenue stream

	2022/23 Forecast (£'000)	2023/24 Forecast (£'000)	2024/25 Forecast (£'000)	2025/26 Forecast (£'000)	2026/27 Forecast (£'000)	2026/27 Forecast (£'000)
Financing Costs General Fund	15,807	23,777	27,887	28,612	29,773	33,608
Proportion of net revenue stream	6.01%	8.56%	9.87%	10.03%	10.21%	11.29%
Financing Costs HRA	14,861	18,979	28,599	38,365	46,548	52,019
Proportion of net revenue stream	13.12%	15.73%	21.62%	27.16%	30.95%	32.84%

8.47 It can be seen that over the MTFS period the General Fund ratio increases. The ratio also increases for the HRA. This level of ratio has been modelled into the current version of the evolving HRA business plan and capital programme.

Governance

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

9. Housing Revenue Account (HRA)

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

Draft HRA Financial Plan Overview

9.2 The 30-year HRA financial plan contains a long-term assessment of the need for investment in assets, such as new homes development, Major works (Haringey standard) and other cyclical maintenance requirements, as well as forecasts on income streams such as rents, in line with rent standards, and future developments.

9.3 The Plan includes the modelling of the revenue and capital implications of all planned work in the HRA to deliver Borough Plan priorities and provided the basis for understanding the affordability of current capital programme delivery plans and assessing options to ensure a viable HRA over a longer period. It considered the build costs, inflation, exposure to housing market and delivery capacity within the Council.

9.4 The recent increases in energy cost, inflation and interest rates rises presents a level of challenge and difficulty in delivering our capital programmes now and the viability of our HRA in the medium to long term. The Council must agree an HRA Budget and longer-term plan which are prudent and sustainable. However, due to very high level of uncertainty related to some of the key assumptions underpinning the current plan, particularly interest rates, this represents a provisional HRA budget/MTFS at this time. A final HRA budget/MTFS will be presented in February.

9.5 The plan recognises that to undertake the proposed extensive development programme, the HRA must be viable now and in the future. It also recognises that there will be ongoing gateway reviews to update and test viability before future programme phases are released. One of the measures of viability of the HRA is the annual revenue contribution to capital outlay (RCCO), which reduces the need to external borrowing. RCCO is the revenue surplus after expenditure; and it is key in assessing the HRA resilience. The financial plan, as in prior years, assumes an ongoing £8m minimum annual surplus. This provides an appropriate level of in year financial cover, in recognition of the risks such as changes in government policies, operational factors those associated with an extensive development programme. The plan also assumes a working balance of £20m.

9.6 Given the current economic situation, this December's positional update of the plan showed some years of RCCO below the £8m minimum year on year. Further measures and mitigations are being considered to address this before the final version is submitted to Cabinet in February.

The main sources of income to the HRA are Rents and Service Charges.

Housing rents

9.7 The Council is required to set the rent increases in council-owned homes every year but there are strict limits for existing tenants. From 2020/21, the government has permitted Local Authorities in England to increase existing tenants' rents by no more than the Consumer Price Index (CPI), at September of the previous year, plus 1%.

9.8 On 17 November 2022, the government announced in the Autumn Statement 2022 that social housing rent increases for 2023/24 would be capped at 7%, to help tenants with the increased cost of living. The rent increase in this report has been modelled on the recently announced rent increase cap of 7% and the February report will make a recommendation for the actual rent increase to be implemented for 2023/24.

9.9 The Government is expected to give a new directive to the Regulator of Social Housing. The Regulator will publish revised guidance for social housing rent setting for 2024/25 onwards.

Rents on New Builds

9.10 The maximum weekly rent allowed by the government for a tenant granted a new tenancy in a social rent home is formula rent (subject to national rent cap).

9.11 The council will continue to let most of its new lettings for its homes at the relevant formula rent and the HRA financial plan is built on that basis.

9.12 The challenges presented by adverse economic changes, including the increased cost of borrowing and inflation mean that the Council has had to consider how best to be able to maintain financial sustainability and continue a strong new build programme. A number of options have been modelled, including for some new homes, changing from formula rent to Shared Ownership or London Living Rent or London Affordable Rent. The option which best ensures the long-term sustainability of the HRA is to use London Affordable Rent for some new homes. This is because, as a social housing product, this tenure qualifies for £100k per unit funding from the Building Council Homes for Londoners 2016-23 Grant Funding regime.

9.13 It is therefore recommended that some of the new homes delivered under the GLA's 2016-23 Affordable Homes Programme, 'Building Council Homes for Londoners' will be let at London Affordable Rent (LAR) levels. This is presently estimated to apply to over 800 future properties. London Affordable Rent will not be applied to new homes at High Road West or Broadwater Farm as the Council intends to honour the landlord offer that has previously been made to residents there ahead of the Estate ballots. It will also not affect any homes that have either been completed and let or where lettings are in process.

London Affordable Rent

9.14 London Affordable Rent was introduced by the Mayor of London in 2016 as a social housing product for new affordable homes funded by Building Council Homes for Londoners (BCHFL) grant. It reflects the 2015/16 formula rent cap (i.e. the maximum level of social rent) uprated by CPI plus one per cent every year. These rents are at the same level anywhere in London. LAR homes are let by councils on secure tenancies, and by other registered providers.

9.15 The BCHFL grant programme allocated grant on the basis that homes for low-cost rent would be let at London Affordable Rent (LAR) rather than formula rent. The historically relatively low level of grant – a flat rate of £100,000 per unit – reflected that expectation.

9.16 The increasingly challenging financial environment has led to a reassessment of the Council's planned use formula rents for these BCHFL properties. that decision. If the Council lets homes funded by BCHFL at formula rent, the current programme would no longer be financially viable.

9.17 Letting homes at LAR would support a financially viable programme. But it would also be genuinely affordable to tenants. Other than its near-equivalent formula rent, LAR is by some distance the cheapest kind of rent available.

9.18 The table below shows London Affordable Rents for 22/23.

	22/23 rents
Bedsit and 1-bedroom	£168.34
2 bedrooms	£178.23
3 bedrooms	£188.13
4 bedrooms	£198.03
5 bedrooms	£207.93
6 or more bedrooms	£217.82

9.19 Formula rent for new-build council homes would be at or close to the formula rent cap. LAR is 8.1% more than the formula rent cap: For 2022/23 that represents £12.61pw more for a one-bedroom home, £13.36 for a two-bed, £14.10 for a three-bed, and £14.85 for a four bed. Rents caps for 23/24 are still to be set.

9.20 LAR is significantly less than the Local Housing Allowance rate. This means that any tenant entitled to Housing Benefit, or the housing element of Universal Credit would have their housing costs covered.

9.21 There is a small number of Haringey households (just over 500) who are currently affected by the benefit cap – including ten who are council tenants and 24 who are housing association tenants. Half the housing association tenants affected by the cap are paying rents considerably higher than LAR.

9.22 A small cohort of households on the Housing Register would be affected by the benefit cap whether they bid for a new home at formula rent cap or LAR. There is likely to be another small cohort of households with three or more children who would be affected by the benefit cap if they moved into a new LAR home where they would remain unaffected if they moved into a home let at formula rent. Those households would need to find all or a part of the difference between LAR and formula rent from their existing benefits. However, since all relets on existing Council homes will be at formula rent levels, it is likely that these households will also be able to move into cheaper Council homes.

Formula rent

9.23 The national formula for setting social rent is intended to enable LAs to set rents at a level that allows them to meet their obligations to their tenants, maintain their stock (to at least Decent Homes Standard) and continue to operate a financially viable HRA, including meeting their borrowing commitments.

9.24 The formula is complex and uses national average rent, relative average local earning, relative local property value, and the number of bedrooms to calculate the formula rent.

9.25 Formula rents are subject to a national social rent cap. The rent cap is the maximum level to which rents can be increased to in any one financial year, based on the size of the property. Where the formula rent would be higher than the rent cap for a particular property, the national social rent cap must be used instead. As stated above, rent caps for 2023/24 are yet to be published:

Number of bedrooms	Rent cap 2022/23
1 and bedsits	£155.73
2	£164.87
3	£174.03
4	£183.18
5	£192.35
6 or more	£201.50

Rents in Existing Council Homes - General Needs & Sheltered/Supported Housing

9.26 The government, through the Regulator, prescribes the formula for calculating social housing rents. These rents are also called formula rents and exclude service charges. formula rents are allowed to increase annually

9.27 The formula is complex and uses the average earnings for Greater London and the value of the property in 1999, and the number of bedrooms to calculate the formula rent for 2000/01, as the base year. From 2001/02, formula rents have increased by inflation annually. However, in 2016/17 until 2019/20, formula rents reduced by 1% annually, as prescribed in the Welfare Reform and Work Act 2016. From 2020/21, formula rents have increased annually by CPI plus 1%.

9.28 Individual council rents are below the formula rents in many properties. This is because historically Haringey rents were set lower than the formula rent. In contrast, many social housing landlords, particularly Housing Associations, have historic rents that were set higher than formula rent. To create a level playing field, the government introduced rent restructuring in the early 2000s in order to converge actual rents towards the formula rent. The government abandoned rent restructuring in 2015/16, when it imposed a 1% rent reduction for four years, under the Welfare Reform and Work Act 2016. The Council complied with the legislation and the 1% rent reduction ended in 2019/20.

9.29 Since 2020/21, the rent payable by existing council tenants have increased by CPI inflation plus 1%. The current rent for 2022/23, approved by Cabinet on 8 February 2022, was set at the 2021/22 rent uplifted by 4.1%. The rent increase is due to the CPI rate in September 2021 of 3.1% plus 1% allowed by the government.

9.30 The CPI at September 2022 is 10.1%. Without the proposed rent ceiling, rents in council-owned housing would increase by 11.1% (CPI plus 1%) and the HRA would receive additional rental income of £11.6m in 2023/24.

9.31 After applying the 7% rent ceiling, the additional income to the HRA from tenant's rents in 2023/24 at £7.7m will be reduce by £3.9m lower than would have been raised if government had maintained the previous rent setting formula.to £7.7m. The updated HRA business plan has the reduced level of rent increase.

9.32 The rents for existing general needs and sheltered / supported housing tenants have been calculated to increase by no more than 7%. On this basis, the proposed average weekly rent will increase by £7.73 from £110.49 to £118.22 in 2023/24.

9.33 There is a range of rents across different sizes of properties. The table below sets out the proposed average weekly rents by property size if the maximum rent increase for 2023/24 is set at 7% with effect from 3 April 2023 (the first Monday in April).

Table 1

Number of Bedrooms	Number of Properties	Current average weekly rent 2022/23	Proposed average weekly rent 2023/24	Proposed average rent increase	Proposed percentage increase
Bedsit	130	£89.64	£95.91	£6.27	7.0%
1	5,288	£94.94	£101.59	£6.65	7.0%
2	5,173	£110.65	£118.40	£7.75	7.0%
3	3,706	£126.70	£135.57	£8.87	7.0%
4	608	£144.25	£154.35	£10.10	7.0%
5	110	£168.75	£180.56	£11.81	7.0%
6	15	£175.36	£187.64	£12.28	7.0%
7	2	£165.93	£177.55	£11.62	7.0%
All dwellings	**15,032**	**£110.49**	**£118.22**	**£7.73**	**7.0%**

9.34 The government is expected to continue allowing Local Authorities to charge formula rents when council homes are re-let following a vacancy.

Rents in Temporary Accommodation

9.35 All properties acquired since 1 April 2019 for housing homeless households held in the HRA are leased to Haringey Community Benefit Society (HCBS) and let by HCBS at Local Housing Allowance (LHA) rent levels.

9.36 The HRA financial plan includes these rental incomes for a period of 7 years. From year eight, it recognises incomes from these properties at formula rent, with the normal annual rent increases of CPI, as these properties are assumed will revert to the HRA after 7 years of lease.

9.37 From 3rd April 2023, all other council-owned properties used as temporary accommodation under a Council non-secure tenancy will have proposed rent increase of 7%.

Tenants' Service Charges

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

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

Tenants currently pay for the following services, if applicable.

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

Tenants living in sheltered and supported housing also pay the following additional support charges:

- Sheltered Housing Charge
- Good Neighbour Charge
- Additional Good Neighbour Charge

9.40 The applicable charges for 2023/24 will be calculated and presented for Cabinet approval in February 2023 when the budgeted costs of providing each service is agreed.

9.41 This will follow the consideration by Cabinet in February 2023 and will include:

- Council housing rent charges for 2023/24
- Proposed weekly tenants service charges for 2023/24
- HRA hostel rent charges for 2023/24

9.42 The heating tariffs will be approved by cabinet as part of the budget to be presented to cabinet in February.

Rent consultation

9.43 There is no requirement for tenant consultation because Haringey Council's rents are set in accordance with government rent standard and no new charges are being introduced for the tenants' service charges. However, tenants must be given at least four weeks' notice before the new rents for 2023/24 start on 3 April 2023.

HRA Expenditure

9.44 Significant items of expenditure in the HRA include the management cost, repairs cost, capital financing charge and depreciation. These four items constitute about 76% of the total HRA expenditure. The capital financing charge is the interest on HRA loans and internal funding and is budgeted at £2m above the 2022/23 level due to higher interest rate forecast for next year's potential borrowings. Depreciation is a cash charge to the HRA to reflect the need to finance the placement of components within HRA homes over time. The sum charges to the HRA are transferred into the Major Repairs Reserve

(MRR). The Major Repairs Reserve is used to build up capital sums that can be used to finance the capital programme.

9.45 The proposed HRA capital programme supports the delivery of over £2bn investment in our existing stock over the next 30 years, and the delivery of over 3000 new council homes by March 2031.

9.46 There are of course risks such as the impact of the current inflation and interest rate rises on collection of rent, capacity to build, and overall sustainability of the HRA.

9.47 The impact of these meant that this iteration of the HRA budget/MTFS forecasts revenue contribution to capital outlay (RCCO) below the set minimum of £8m for later years in the MTFS period. There are further measures and mitigations being considered to bring the RCCO to the acceptable level. The HRA capital programme also assumes an increased working balance of £20m.

9.48 This is a complex plan and Members should be aware that further changes are anticipated before the final budget package is presented in February. A finalised version will be presented to Cabinet and Full Council for approval in February 2023 and March 2023 respectively.

Draft HRA 5 Years MTFS (2023/24-2027/28)

9.49 This report sets out the proposed HRA 5 years Budget/MTFS in the Table below. It accommodates the scale of development presently assumed within the business and financial planning in terms of its impact of the future years HRA revenue position. It also takes into consideration the current inflation and interest rates and its impact in next year's rent charges. The HRA budget for 2023/24 is a balanced budget with a revenue contribution to capital (RCCO) of £8.87m. However, the later years RCCO as presently modelled is below the target minimum for the HRA and the further work before February will look to address this.

Haringey LONDON

Table - Draft HRA 5-Year Revenue Budget (2023/24 – 2027/28)

Housing Revenue Account (HRA)	Year 1	Year 2	Year 3	Year 4	Year 5	**Total**
Income & Expenditure	**2023-24**	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**5 Years**
	£'000	£'000	£'000	£'000	£'000	**£'000**
Income						
Dwellings Rent Income	(98,570)	(108,477)	(116,572)	(124,725)	(131,822)	**(580,166)**
Void Loss	1,892	1,085	1,166	1,247	1,318	**6,708**
Hostel Rent Income	(1,791)	(1,855)	(1,920)	(1,986)	(2,055)	**(9,607)**
Service Charge Income	(12,084)	(12,639)	(13,304)	(14,000)	(14,647)	**(66,674)**
Leaseholder Income	(7,881)	(8,106)	(8,337)	(8,574)	(8,816)	**(41,714)**
Other Income (Garages /Aerials/Interest)	(2,230)	(2,271)	(2,312)	(2,355)	(2,398)	**(11,566)**
Total Income	**(120,664)**	**(132,263)**	**(141,279)**	**(150,393)**	**(158,420)**	**(703,019)**
Expenditure						
Repairs	22,974	23,237	24,459	25,738	26,929	**123,337**
Housing Management	25,314	23,355	23,188	22,660	22,051	**116,568**
Housing Demand	2,012	2,113	2,155	2,198	2,242	**10,720**
Housing Management cost	**50,300**	**48,705**	**49,802**	**50,596**	**51,222**	**250,625**
Estates Costs	11,203	11,240	11,465	12,068	12,699	**58,675**
Provision for Bad Debts (Tenants)	3,010	3,281	1,430	1,500	1,561	**10,782**
Provision for Bad Debts (Leaseholders)	189	195	200	206	212	**1,002**
Estate Costs and Bad Debt Provision	**14,402**	**14,716**	**13,095**	**13,774**	**14,472**	**70,459**
Other Costs (GF Services)	4,622	4,853	4,950	5,049	5,150	**24,624**
Other Costs (Property/Insurance)	2,026	2,127	2,170	2,213	2,257	**10,793**
Capital Financing Costs	18,979	28,599	38,365	46,548	52,019	**184,510**
Contribution to Major Repairs (Depreciation)	21,457	22,443	23,632	24,865	26,020	**118,417**
Revenue Contributions to Capital	**8,878**	**10,820**	**9,265**	**7,348**	**7,280**	**43,591**
Total Expenditure	**120,664**	**132,263**	**141,279**	**150,393**	**158,420**	**703,019**
HRA (Surplus) / Deficit	0	0	0	0	0	0

Draft HRA 5 Years Capital Programme (2023/24 – 2027/28)

9.50 This represents the capital implications of the new draft HRA financial plan where there is a strong emphasis on meeting the needs of homeless households while ensuring that the needs of the existing stock are met. It also focuses on the delivery of new homes, renewal of BWF estate, carbon reduction in existing stock, and fire safety of the entire stock.

9.51 The HRA MTFS is geared towards maximising the use of other available resources and use of borrowing as last resort, while maintaining a working balance of £20m. The MTFS capital programme funding assumes a mix of grant funding, S106 monies, revenue contribution and prudential borrowing. The total capital investment in 2023/24 is £263m, fully funded from revenue contribution, grants, RTB retained receipt, Major Repairs Reserve and borrowing.

Table 9.4 - Draft HRA 5 Year Capital Programme (2023/24 – 2027/28)

Housing Revenue Account (HRA)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Investment & Financing	**2023-24**	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**5 Years**
	£'000	£'000	£'000	£'000	£'000	**£'000**
Capital Investment						
Major Works (Haringey Standard)	41,443	40,922	41,941	62,742	64,075	**251,123**
Carbon Reduction Works (Affordable Energy)	7,283	6,367	6,495	6,624	6,757	**33,526**
Fire Safety Works	5,470	7,573	7,577	7,729	6,757	**35,106**
Broadwater Farm Works	21,209	16,115	16,437	16,767	17,102	**87,630**
Total Existing Stock Investment	**75,405**	**70,977**	**72,450**	**93,862**	**94,691**	**407,385**
New Homes Build Programme	162,803	175,370	195,917	173,111	82,237	**789,438**
New Homes Acquisitions	3,306	21,093	31,428	15,926	45,620	**117,373**
TA Acquisitions	21,448	21,662	22,312	22,981	23,670	**112,073**
Total Capital Investment	**262,962**	**289,102**	**322,107**	**305,880**	**246,218**	**1,426,269**
Capital Investment Financing						
Grants (GLA)	62,411	27,807	40,869	40,818	38,964	**210,869**
Major Repairs Reserve	21,457	22,444	23,632	24,865	26,021	**118,419**
Revenue Contributions	8,878	10,820	9,265	7,348	7,280	**43,591**
RTB Capital Receipts	9,556	9,651	9,921	10,259	10,609	**49,996**
Leaseholder Contributions to Major Works	7,979	7,941	6,373	6,176	6,020	**34,489**
S.106 Contributions	3,500	0	0	0	0	**3,500**
Market Sales Receipts	0	2,964	4,714	72,129	44,118	**123,925**
Borrowing	149,181	207,475	227,333	144,285	113,206	**841,480**
Total Capital Financing	**262,962**	**289,102**	**322,107**	**305,880**	**246,218**	**1,426,269**

Major Works – Haringey Standard

9.52 The major works investment standard has been designed to ensure that the Council maintains its statutory and legal duties and keeps homes safe and warm. It comprises internal, external and works to communal areas, including all items affecting decency. Despite the challenging economic circumstances, the Council is maintaining the expenditure of its Major Works Programmes at its current level.

9.53 The Asset Management Strategy sets out the Council's target to achieve 100% decent homes, and how this will be achieved.

9.54 The Council has agreed to work with partners to deliver these works for the long term, through a Partnering Contract. This Partnering Contract will run for ten years and is divided into four separate contracts over four geographical areas. Works under the Partnering Contract are expected to start in late 2023. The Partnering Contract has been designed to deliver value for money; ensure that the Council's objectives to meet decent homes, as well as the other workstreams listed below, are met; contribute to wider corporate priorities in particular to bring good quality jobs and training opportunities to Haringey residents; and finally to ensure that those who are awarded large contracts by the Council are committed to Haringey and the success of the borough for the longer-term. The costs in this proposed capital programme budget recognises the estimated cost of the partnering contract.

Carbon Reduction Works

9.55 The budget provision would support extensive measures contained in the Council energy action plan. Despite the challenging economic circumstances, the Council is maintaining the expenditure on carbon reduction works at its current level.

9.56 The Council is finalising its Energy Action Plan which will set out how it will deliver the objectives of both the Climate Change Action Plan and the Affordable Energy Strategy. These are to reduce carbon emissions from the Council's housing stock so that the whole stock reaches an average EPC of Band B by 2035 and Band A by 2041, where technically feasible. In turn this will contribute to the objective to minimise energy costs for Council tenants and reduce fuel poverty.

9.57 The proposed approach is to firstly improve the fabric of the property. This means upgrading, where necessary, walls, roofs, windows, floors, and doors so as the reduce the need to expend energy to heat homes. The next stage is to incorporate low and zero-carbon heat and power. The worst performing homes will be targeted first. Works will be incorporated with the major works programme to minimise cost to the HRA and disruption to residents. The proposed HRA capital budget supports these works, but external funding is also sought whenever applicable.

Fire Safety Works

9.58 The proposed budget is to ensure that all housing stock continues to meet changing statutory requirements. The budget has been refreshed to ensure that the requirement of the recent Fire Safety (England) Regulations 2022 are met. The programme includes front entrance door replacements, window infill panel replacements, Automatic Fire Detection (AFD) to street properties, automatic Fire detection and compartmentation works to timber clad buildings, Intrusive Fire Risk Assessments (FRA) and follow up works.

Broadwater Farm Works

9.59 The council is setting aside significant capital expenditure for the regeneration of the Broadwater Farm estate and has reprofiled expenditure in line with our latest estimates. In 2018 the council identified structural faults with a number of buildings that has led to the development of comprehensive programme of improvement. This programme includes:

•The construction of 294 new homes, all at council rent, with 30% family sized units with three beds or more (contained in the new homes budget, below)
•The refurbishment of 800 homes, covering sustainability, fire safety and mechanical and electrical
•Improvements to the public realm and green spaces, tackling the legacies of the streets in the sky design from the 60s

New Homes Build and Acquisition

9.60 This Financial plan continues to provide for financial resources to meet the Council's commitment to the delivery of high-quality Council homes for social housing. This is an integral part of the Council's core HRA business, with a delivery programme that is viable in the long term. The total estimated cost of new build homes and acquisition in the financial plan is £907m over the period of the MTFS.

9.61 Over the past four years, the Council has established a housing delivery programme that is committed to delivering 3,000 new council homes for council rent by 2031. These are the first new council homes in Haringey for forty years.

9.62 The current Housing Delivery Programme comprises 3,600 homes on 87 sites that have either been completed, or started on site, or are under active development. 3,000 of those homes are currently planned as homes for letting at council rent.

9.63 Construction works for over 1,500 council homes have now started on site. 184 council homes have been completed and let at council rent.

9.64 The need for genuinely affordable homes in Haringey – as across the country – is urgent. More than 11,000 households are currently waiting for social housing on the Council's housing register. Just over 2,000 of these households are significantly overcrowded, and more than 2,500 are homeless and living in Temporary Accommodation.

9.65 Cabinet has so far included 80 sites of Council land with potential for development in the programme. Most are held in the HRA; others are in the General Fund and will need to be appropriated at cost into the HRA.

9.66 Sites in the HRA are underused land, generally on housing estates, typically garages, car parking spaces, or land between existing blocks. General Fund land ranges from the conversion of former shops into homes to large sites such as the former waste management depot at Ashley Road.

9.67 As an integral part of the programme, the Council also actively seeks opportunities to acquire homes to let as Council homes.

9.68 Climate change, carbon management, and sustainability are integral to the design of our new generation of Council homes. The Council targets zero-carbon for each of our developments.

9.69 More than 10% of new homes are fully wheelchair accessible, with a target of 20%. As part of the programme, through the Bespoke Homes programme we are actively identifying households on the housing register with specific accessibility needs in order to design new homes for their individual needs.

Existing Homes Acquisitions – Temporary Accommodation (TA)

9.70 The Council's TA acquisition programme is based on the purchase of homes and subsequent leasing to the Haringey Community Benefit Society ('the CBS') to provide housing to households in housing need nominated to it by Haringey Council. This scheme will generate adequate rental income to cover the cost of capital and associated cost. There is also a General Fund (GF) saving generated by the provision of homes to homeless households in the HRA via reduction in the use of privately-owned temporary accommodation in GF. This Financial plan has a reduced allocation over the MTFS period for this scheme compared to prior years. This is because of the restriction the new guidance on use of RTB retained receipts has placed on the Council's ability to use these receipts for the purpose of acquiring existing homes. The new guidance means that the Council has a capped number of acquisitions in any year. The RTB retained receipts is now being applied to new build homes to match the acquisitions.

10. Dedicated Schools Budget (DSB)

10.1 Schools budgets are substantially funded from the ring-fenced Dedicated Schools Grant and two other funding streams (Pupil Premium and Post 16 Grant) which are, in effect, passported to schools. Spending must be consistent with the requirements of the prevailing schools and early years funding regulations. There are requirements for Schools Forum to act as a decision-making and/or a consultative role in determining budget levels for each year.

10.2 The financial position reported at Quarter 2 2022-23 sets out the forecast year end position. This highlights the budget pressures in the High Needs Block which is estimated to add an additional £3.7m to the existing deficit of £21.6m to give a forecast deficit of £25.3m by the end of 2022-23.

10.3 Table 10.1 below sets out Haringey's Dedicated Schools Grant allocations for 2021-22, the minimum rebased DSG baseline allocation for 2022-23 and the provisional National Funding Formula (NFF) allocation for 2023-24.

Table 10.1 Haringey's Dedicated Schools Grant Allocation

Gross Dedicated Schools Grant	2021-22 £m	2022-23 £m	2023-24 Provisional NFF £m
Schools Block	211.75	**218.50	**219.56
Central School Services Block	2.91	2.78	2.71
Early Years Block ***	21.04	20.15	20.15
High Needs Block	44.46	51.35	54.42
Total DSG	280.16	292.78	296.84

** The 2022-23 Schools Block had an additional £5.979m Schools Supplementary grant. The Supplementary Grant was rolled into the 2023-24 DSG.

*** The Early Years Block allocation for 2022-23 has not yet been announced but is assumed to be at the same rate for 2023-24

10.4 In previous years, the teachers pay and pension grants were paid as separate grants.

10.5 Overall, Haringey's provisional NFF allocation for 2023-24 is an increase of 0.49% equivalent to £1.061m. This is based on the October 2021 pupil census numbers and the final allocation will be based on the October 2022 pupil census numbers. Bearing in mind the pupil numbers will change from year to year, the cash impact of this provisional funding by block is:

- Schools Block - uplift of 0.49% equivalent to £1.061 m.
- Central School Services Block - has lost -2.5% equivalent to £0.07m.
- Early Years Block – Not applicable as the funding is to be announced.
- High Needs Block – uplift of 5.98% equivalent to £3.07m.

10.6 The actual financial position for the Dedicated Schools Grant is dependent on the final school's finance settlement for 2023-24, which is due in December 2022.

10.7 The Schools Forum will consider these figures at their January 2023 meeting.

10.8 The DfE have consulted on the implementation of the hard National Funding Formula from 2023-24, which focuses on reforms to the School Block and Central School Services Block. The Council supports a funding system that continues to enable local discretion on the allocation of schools funding so that decisions being made are more responsive to the needs of schools.

DSG Reserves

10.9 As at Quarter 2, the DSG Reserves is expected to close with a cumulative deficit of £25.3m at the end of 2022-23. The pressure is in the High Needs Block (HNB) and is mainly due to the increase in the number of children with Education, Health and Care Plans (EHCPs) within the borough. The HNB funding allocation has increased by over 15.5% in 2022-23 compared to 2021-22, however the estimated increase in costs due to the increase EHCPs is greater than the funding available.

Table 10.2 2022-23 Year End DSG reserves forecast

Blocks	Opening DSG deficit at 01/04/2022 £m	Q2 2022-23 Forecast £m	Forecast closing DSG deficit 2022-23 £m
Schools Block	0.00	0.00	0.00
Central School Services Block	0.00	0.00	0.00
Early Years Block **	0.90	0.00	0.00
High Needs Block	-21.60	-3.70	-25.30
Total DSG	-20.70	-3.70	-25.30

** The Early Years Block has not yet been announced, however projected to be all passported to providers

10.10 The pressure on the DSG budget is acknowledged by government as a national issue. The DSG cumulative deficit currently totals £20.7m, forecast to be £25.3m by the end of 2022/23. Factoring assumptions on demand growth, mitigation of demand growth, inflation estimates and grant income projections the DSG is forecasting a cumulative deficit of over £80m by 2027/28 if no mitigating actions are taken. This deficit is forecasted solely within the High Needs Block.

10.11 The Department for Levelling Up, Housing and Communities (DLUHC), requires DSG deficits to be held in a separate reserve in local authorities' accounts. Regulations are in force to allow this accounting treatment up to and including the accounts for 2022/23. The forecasted cumulative deficit needs to be addressed as once the regulations to show deficits separately are removed, this will impact the Council's General Fund, resulting in a profound impact on statutory services in other areas

10.12 The DfE began the Safety Valve intervention programme in 2020/21 and have extended this programme in 2022/23, targeting the local authorities with the highest DSG deficits. The programme requires local authorities to develop and agree to substantial plans for reform to their high needs budget and escalating demands on SEND services, with an expectation to deliver an in-year balanced budget over the next 5 years. When a local authority can demonstrate sufficiently that their DSG management plan creates lasting sustainability and delivers good outcomes for children and young people, including reaching an in-year balanced budget, the DfE will enter into an agreement with the authority to provide financial support with funds to address the cumulative deficit, subject to Ministerial approval. Final proposals to address the pressures in the HNB were submitted to the DfE on 6th October 2022. Proposals were underpinned by the SEND strategy and Written Statement of Action with robust financial remodelling and have been endorsed by Cabinet and shared with key stakeholders. Subject to approval, Haringey would then enter the Safety Valve programme

10.13 An application for DfE capital funding to support Haringey's Safety Valve programme has also been submitted to invest in key proposals to deliver revenue savings to the DSG.

11. Consultation & Scrutiny

11.1 The Council, as part of the process by which it sets its budget, seeks the views and opinions of residents and service users which is used to inform the final decision of the Council when setting the budget.

11.2 As such a formal consultation is being planned, the result of which is expected in January, and will be shared with Cabinet to enable them to consider and reflect any amendments in the final February report.

11.3 Statutory consultation with businesses will also take place during this period and any feedback will be considered and, where agreed, incorporated into the final February report.

11.4 Additionally, the Council's budget proposals will be subject to a rigorous scrutiny review process which will be undertaken by the Overview and Scrutiny Panels and Committee during December/January. The Overview and Scrutiny Committee will then meet in January 2023 to finalise its recommendations on the budget package. These will be reported to Cabinet for their consideration. Both the recommendations and Cabinet's response will be included in the final Budget report recommended to Full Council in March 2023.

12. Statutory Officer Comments (Director of Finance (procurement), Head of Legal and Governance, Equalities)

Finance

12.1 This financial strategy begins the process of ensuring that the Council's finances are aligned to the delivery of the Council's priorities and the administration's manifesto commitments in the medium term. In addition, it is consistent with proper arrangements for the management of the Council's financial affairs and its obligation under section 151 of the Local Government Act 1972.

12.2 Ensuring the robustness of the Council's 2023/24 budget and its MTFS 2023/24 – 2027/28 is a key function for the Council's Section 151 Officer. This includes ensuring that the budget proposals are realistic and deliverable. As the MTFS report is primarily financial in its nature, comments of the Chief Financial Officer are essentially contained throughout the report.

12.3 The draft General Fund Budget 2023/24 still shows a gap of c£3m despite the £18.1m new savings proposal and a planned draw down from reserves of £5.5m. This is a concerning position to be in particularly this late in the annual process but not unexpected considering the national economic outlook. It must be recognised that the nation is still in a difficult post pandemic environment and with the unprecedented inflation rate coupled with the cost of living and the uncertainties around the wider economic outlook it is has been very challenging setting the 2023/24 budget. The Chancellor's Autumn statement was announced on 17th November after the draft budget had been assembled. Work continues to ensure a balanced 2023/24 budget and a balanced 2023/24 budget will be presented to Cabinet in February.

12.4 The formal Section 151 Officer assessment of the robustness of the council's budget, including sufficiency of contingency and reserves to provide against future risks will be made as part of the final budget report to Council in March.

Procurement

12.5 Strategic Procurement notes the contents of this report and will continue to work with services to enable cost reductions.

Head of Legal & Governance

12.6 The Head of Legal & Governance has been consulted in the preparation of this report and makes the following comments.

12.7 The Local Authorities (Standing Orders) (England) (Regulations) 2001 and the Budget and Policy Framework Procedure Rules at Part 4 Section E of the Constitution, set out the process that must be followed when the Council sets its budget. It is for the Cabinet to approve the proposals and submit the same to the Full Council for adoption in order to set the budget. However, the setting of rents and service charges for Council properties is an Executive function to be determined by the Cabinet.

12.8 The Council must ensure that it has due regard to its public sector equality duty under section 149 of the Equality Act 2010 in considering whether to adopt the recommendations set out in this report.

12.9 The report proposes new savings proposals for the financial year 2023/24, which the council will be required to consult upon and ensure that it complies with the public sector equality duty.

12.10 In view of the conclusion reached by the Director of Finance at paragraphs 12.1 to 12.4 above on the ability to set a balanced budget for 2023/24 and the Equalities comments below, there is no reason why Cabinet cannot adopt the Recommendations in this report.

Equality

12.11 The Council has a public sector equality duty under the Equality Act (2010) to have due regard to:

12.12 Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;

12.13 Advance equality of opportunity between people who share those protected characteristics and people who do not;

12.14 Foster good relations between people who share those characteristics and people who do not.

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

12.16 Although it is not enforced in legislation as a protected characteristic, Haringey Council treats socioeconomic status as a local protected characteristic.

12.17 This report details the draft Budget for 2023/24 and MTFS to 2027/28, including budget adjustments and capital proposals.

12.18 The proposed decision is for Cabinet to note the budget proposals and agree to commence consultation with residents, businesses, partners, staff and other groups on the 2023/24 Budget and MTFS. The decision is recommended to comply with the statutory requirement to set a balanced budget for 2023/24 and to ensure the Council's finances on a medium-term basis are secured through the four-year Medium-Term Financial Strategy.

12.19 COVID-19 and the ongoing cost of living crisis have widened existing inequalities with adverse impacts experienced by protected groups across many health and socioeconomic outcomes. A focus on tackling inequality underpins the Council's priorities and this will be embedded in the upcoming corporate delivery plan. The Council is committed to targeting its interventions to reduce inequality despite the financial constraints detailed in this report. This commitment is evident through ongoing investment in policies that seek to improve outcomes for individuals with protected characteristics, such as Free School Meals, SEND Transport and addressing increased complexity in adult social care.

12.20 During the proposed consultation on Budget and MTFS proposals, there will be a focus on considering the implications of the proposals on individuals with protected characteristics, including any potential cumulative impact of these decisions. Responses to the consultation will inform the final package of savings proposals presented in February 2023.

12.21 Additionally, budget savings proposals are undergoing an equalities screening process to identify where negative impacts on protected groups may arise. Where such impacts are identified, a full Equalities Impact Assessment will take place to understand the impacts in full and describe the action to mitigate those impacts. At this stage, the assessment of the potential equalities impacts of decisions is high level and, in the case of many individual proposals, has yet to be subjected to detailed analysis. This is a live process, and as plans are developed further, each service area will assess their proposal's equality impacts and potential mitigating actions in more detail. Final EQIAs will be published alongside decisions on specific proposals.

12.22 Initial Equality Impact Assessments for relevant savings proposals will be published in February 2023 and reflect feedback regarding potential equality impacts gathered during the consultation. If a risk of disproportionate adverse impact for any protected group is identified, consideration will be given to measures that would prevent or mitigate that impact. Where there are existing proposals on which decisions have already been taken, existing Equalities Impacts Assessments will be signposted.

13. Use of Appendices

Appendix 1 – Summary of Draft Revenue 2022-23 Budget and Medium Term Financial Plan 2023-2028
Appendix 2 – Summary of new Revenue budget growth proposals
Appendix 3 – Summary of total agreed Revenue budget reduction proposals 2023-2028
Appendix 4 – Draft General Fund Capital Programme 2023/24 – 2027/28
Appendix 5 – New Capital for 2023-24 MTFS Programme

14. Local Government (Access to Information) Act 1985

2022/23 Qtr 1 and Qtr 2 Budget Reports
2022/23 Budget & MTFS 2022-2027

Ref	Description	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	Total £'000
AHC_SAV_001	**Improved processes and practises to ensure that residents receive the right level of care** Improved processes and practises to ensure residents received the right level of care, part of this work is to identify/maximise the funding streams to meet the needs of residents. This will cover Adults, Mental Health and Learning Disabilities service area. Reviewing care packages to ensure that we are not over subscribing care and utilising our asset based approach. Focusing on early intervention and prevention, working with our assistive technology team to offer alternative support.	(2,245)	(850)				(3,095)
AHC_SAV_002	**Mental Health accommodation and outcomes** This proforma covers the work being undertaken in Mental Health Services to improve the offer to residents. This work looks at the accommodation facilities available to residents, the outcomes that can be achieved and stepdown to more independent living. In utilising more effective accommodation for Mental Health residents, results in a reduction in cost. Due to the lack of resources in Haringey, we find that a lot of the accommodation/stepdown provisions are currently out of area. We are working with providers to bring additonal Mental Health accommodation are within Haringey to enable individuals to draw on local support networks.	(188)					(188)

Ref	Description	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	Total £'000
AHC_SAV_003	**Preventing debt build up for clients and sustainable financial pathway improvement** A project is being undertaken by corporate finance income recovery, alongside of Adult Social Care leads. These are looking at ways the existing provisions are to be dealt with as well as additional preventative measures that could be put in place to prevent client debt build up. Part of this work will be to looking at further sustainable financial pathways and the improvements to existing processes.	(800)	(700)	400	100		(1,000)
AHC_SAV_004	**Contract reviews** Contract Reviews: a total of £500k savings will be achieved through contract reviews In Housing Related Support this proposal will reduce spend on commissioned services providing housing-related support, by utilising contract end/extension dates to vary and streamline provision where duplicate services may be provided, and enhanced contract management. In adult social care reablement services we have seen a 25% increase in both activity and service demand, creating financial constraints on the financial envolope to deliver home from hosptial services under our better care fund programme in partnership with the ICS. The Better Care Fund is a joint Health and Social Care Fund, aimed at more joined-up processes and improved outcomes for residents.	(500)	(500)				(1,000)

Ref	Description	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	Total £'000
AHC_SAV_005	**Improved commissioning and efficiencies** Following the success of implementation of the 'Safety Valve' (SV) programme within Children's services, Adults, Health and Communities (AHC) are undertaking a SV programme that will utilise the approach and methodologies to deliver improved commissioning arrangements and efficiencies. The AHC SV programme has three pillars: 1. Commissioning review - efficiencies will be achieved through an improved commissioning approach that will drive service improvements to deliver better outcomes whilst ensuring unit costs are in line with benchmarks. 2. Enabling and service improvement through investment to reduce or eliminate the need for out-of-borough care. 3. Working within an integrated system, alongside the ICB, the opportunity for collaborative working is improved. Co-producing services with residents to step-in earlier and avoid high cost interventions and improve outcomes. Urgent work is underway to fully cost the progamme and validate the expected benefits.	(4,000)					(4,000)
		(7,733)	**(2,050)**	**400**	**100**	**-**	**(9,283)**

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Ref	Description	2023/24	2024/25	2025/26	2026/27	2027/28	Total
		£'000	£'000	£'000	£'000	£'000	£'000
AHC_GR_001	**Acuity/Complexity over and above the £2.8m provided in the existing MTFS.** The level of acuity and complexity observed in clients since the pandemic has increased substantially. Adult Social Care are seeing increase in the complexity and acuity of our residents and the demand this puts on provider services.	2,000					2,000
AHC_GR_002	**Inflationary Pressures** The current inflation is causing increased costs for energy and living for providers. These additional costs will put further pressures to adults care purchasing budgets as a result. Adults social care are in constant talsks with bith providers and partners to firstly, ensure clients are receiving the care needed but also that their need are met	4,000					4,000
		6,000	**-**	**-**	**-**	**-**	**6,000**

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MTFS Savings Tracker (2022/23 - 2025/26)
Directorate:Adults, Health & Communities
Period: 6

Red	Saving fully/partially unachievable
Amber	Saving achievable but full/partial slippage required
Green	Saving met in full and on time

		2022-23							2023/24-2025/26		
MTFS Savings Ref	Saving proposal	2021-22 Undelivered	2022/23 £'000s	Total £'000	2022/23 Projected Full Year Savings £'000s	2022/23 Savings surplus/ (shortfall) £'000s	RAG Status (Delivery of 2022/23 Saving)	Comment on Delivery RAG Status & Actions plans to mitigate shortfall	2023/24 £'000s	2024/25 £'000s	2025/26 £'000s
People - Adults, Health & Communities											
B2.7	Haringey Learning Disability Partnership	500	1,430	**1,930**	1,700	(230)	Amber	Improving staffing retention to create a stable savings delivery team. Interlinking with commissioning team to discover best vfm providers.			
B2.8	Mental Health	0	490	**490**	990	500	Green				
B2.9	Physical Support	0	1,070	**1,070**	1,070	0	Green				
PA6	Transfer of High Cost Day Opps	15		**15**	125	110	Green				
PA8	Investment of drug and alcohol savings in preventative services for adults and families, targeting health inequalities	0	100	**100**	100	0	Green		100		
PA9	Further savings to be delivered by Adults Services	180	180	**360**	80	(280)	Red	Changes in original model assumptions have caused delays in delivering reprofiled savings. Currently identifying mitigations.			
AS101	Fast Track Financial Assessments	650		**650**	774	124	Green				
	Adults Delayed Savings - C19	0	710	**710**	0	(710)	Red	Changes in original model assumptions have caused delays in delivering reprofiled savings. Currently identifying mitigations.	911		
Subtotal: Adults, Health & Communities		**1,345**	**3,980**	**5,325**	**4,839**	**(486)**			**535**	**0**	**0**
Demand Management Activities		**2,273**	**2,176**	**4,449**	**1,779**	**(2,670)**	Red	Directors are continuing to work on their plans to deliver this			
Total: Adults, Health & Communities		**3,618**	**6,156**	**9,774**	**6,618**	**(3,156)**					

New Capital for 2023/24 MTFS Programme

Description of Capital Bids	Funding Source (LBH Borrowing, External, Self Financing borrowing)	2023/24 (£'000)	2024/25 (£'000)	2025/26 (£'000)	2026/27 (£'000)	2027/28 (£'000)	Total (£'000)
Edwards Drive Edwards Drive is a 1.5 acre site in Bounds Green owned by Whittington Health. They are looking to dispose of the site, which currently comprises two buildings housing a number of health services and facilities, and have approached the Council to gauge our interest in acquisition. The outline intention for acquisition of the site would be to develop much needed supported living facilities with integrated on-site health and care services for learning disabled adults. This would improve health and social outcomes for residents, would enable significant savings and efficiencies in out-of-borough placement arrangements for this cohort, as well as reducing acute and reactive social care and health interventions through the provision of proactive health and care interventions that enable learning disabled adults to live longer, healthier and more independent lives. This bid is subject to a successful business case.	Self Financing borrowing	1,200	500	10,300	7,000	2,000	**21,000**
Locality Hubs This bid is to continue that work by refurbishing existing community spaces within our asset portfolio which we will then utilise to deliver our Localities offer. To embed our growing Localities approach we are seeking to step up 4-6 locality hubs across the borough, which will facilitate neighbourhood level provision of Council, Health and VCS services and activities for our residents from engaging and welcoming environments within communities.	LBH Borrowing	1,500	1,500	0	0	0	**3,000**
		2,700	**2,000**	**10,300**	**7,000**	**2,000**	**24,000**

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APPENDIX 4: 2023/24 - 27/28 DRAFT CAPITAL PROGRAMME

Source of Funding	
H	Haringey Borrowing
S	Self-Financing
E	External

SCHEME REF	SCHEME NAME	BRIEF DESCRIPTION	Source of Funding	2023/24 Budget	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget	2023/24 - 27/28 Total
				£,000	£,000	£,000	£,000	£,000	£,000
201	Aids, Adap's & Assistive Tech -Home Owners (DFG)	Grant funded programme of aids and adaptations to enable people to remain in their home	E	2,193	2,193	2,200	2,200	0	**8,786**
208	Supported Living Schemes	Funding to convert property to supported living schemes reducing high cost placements with no loss of quality of service	S	3,000	3,000	4,000	0	0	**10,000**
211	Community Alarm Service	This is the funding for the capital element of the service	H	177	177	177	177	0	**708**
214	Osborne Grove Nursing Home	The scheme is in development to provide a 70 bed nursing home.	S	34,504	2,545	1,094	5,000	0	**43,144**
217	Burgoyne Road (Refuge Adaptations)	This project is to provide a new women's refuge	S & E	2,600	0	0	0	0	**2,600**
218	Social Emotional & Mental Health Provision	This budget is to provide funding to provide additional in borough provision	H, S & E	600	600	0	0	0	**1,200**
221	Social Care System Implementation	This budget is to provide funding for the implementation of a new social care system	H & S	1,199	0	0	0	0	**1,199**
222	Wood Green Integrated Care Hub	This is a contribution to the care hub capital costs that is being developed by the NHS	H	0	1,000	0	0	0	**1,000**
New Bid	Edwards Drive	The scheme is to develop a centre for adults with learning difficulties	S	1,200	500	10,300	7,000	2,000	**21,000**
New Bid	Locality Hubs	This funding is to support the rollout of the locality hubs programme. Exact sites are to be determined	H	1,500	1,500	0	0	0	**3,000**
Adults, Health & Communities				**46,973**	**11,515**	**17,771**	**14,377**	**2,000**	**92,637**

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Adults and Health Scrutiny Panel

Work Plan 2022 - 23

1. **Scrutiny review projects;** These are dealt with through a combination of specific evidence gathering meetings that will be arranged as and when required and other activities, such as visits. Should there not be sufficient capacity to cover all of these issues through in-depth pieces of work, they could instead be addressed through a "one-off" item at a scheduled meeting of the Panel. These issues will be subject to further development and scoping. It is proposed that the Committee consider issues that are "cross cutting" in nature for review by itself i.e. ones that cover the terms of reference of more than one of the panels.

Project	**Comments**	**Status**
Access to Adult Social Care Services	Topics to include: delays to Care Act assessments, issues around care packages, discharge from hospital, links between social care and mental health services. Potentially could include issues around care for higher needs service users living in supported housing schemes. Project plan in development. Officers have indicated that they will have availability for evidence sessions starting in January 2023.	Ongoing

2. **"One-off" Items;** These will be dealt with at scheduled meetings of the Panel. The following are suggestions for when particular items may be scheduled.

Date	**Agenda Items**
2022-23	

21 July 2022	• Cabinet Member Questions – Adults & Health • Place & Partnerships
15 September 2022	• Living Through Lockdown report (Joint Partnerships Boards) – Update on Council/NHS response to recommendations • Aids and Adaptions – Delays and Supplier/Contractor issues • Finance/Performance update
17 November 2022	• Haringey Safeguarding Adults Board (HSAB) Annual Report • CQC Overview • Dementia services
8 December 2022 (Budget Meeting)	• Budget scrutiny
9 February 2023	• Joint meeting with Children & Young People's Scrutiny Panel on transitions between children's and adult services.
13 March 2023	• Cabinet Member Questions – Adults & Health • Update – Integrated joint partnership working and co-production • Update – Aids & Adaptations

Possible items to monitor or to be allocated as agenda items at Panel meetings:

- Preparedness for a possible future pandemic.
- Irish Centre site – redevelopment of the former Irish Centre including the relocation of the Grace Organisation to the new site.
- Community mental health model / suicide prevention.

- Safeguarding and transitions between Children's and Adult Services (aged 14-25)
- Modern slavery (including input from the Community Safety Partnership)
- Dementia - Update on the progress made with the Dementia Co-ordinator and Dementia Facilitator roles to raise diagnosis rates.

Items to schedule for 2023/24:

- Sep 2023 – Update on response to Living Through Lockdown report (Joint Partnership Board). Next update report to include a focus on the new initiatives that the Council had established as a result of the report recommendations.
- Nov 2023 – HSAB annual report
- Nov 2023 – CQC/Quality Assurance update (NOTE: CQC colleague to be invited to meeting)
- Nov 2023 – Update report on the Adult Social Care Commissioning & Co-production Scrutiny Review

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