NOTICE OF MEETING

OVERVIEW AND SCRUTINY COMMITTEE

Thursday, 19th January, 2023, 7.00 pm - Woodside Room - George Meehan House, 294 High Road, N22 8JZ (watch the live meeting here, watch the recording here)

Councillors: John Bevan (Chair), Michelle Simmons-Safo, Pippa Connor (Vice-Chair), Makbule Gunes and Matt White

Co-optees/Non-Voting Members: Venassa Holt (Parent Governer) (Co-Optee), Yvonne Denny (Co-opted Member - Church Representative (CofE)) and Lourdes Keever (Co-opted Member - Church Representative (Catholic))

Quorum: 3

1. FILMING AT MEETINGS

Please note that this meeting may be filmed or recorded by the Council for live or subsequent broadcast via the Council's internet site or by anyone attending the meeting using any communication method. Although we ask members of the public recording, filming or reporting on the meeting not to include the public seating areas, members of the public attending the meeting should be aware that we cannot guarantee that they will not be filmed or recorded by others attending the meeting. Members of the public participating in the meeting (e.g. making deputations, asking questions, making oral protests) should be aware that they are likely to be filmed, recorded or reported on.

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The chair of the meeting has the discretion to terminate or suspend filming or recording, if in his or her opinion continuation of the filming, recording or reporting would disrupt or prejudice the proceedings, infringe the rights of any individual or may lead to the breach of a legal obligation by the Council.

2. APOLOGIES FOR ABSENCE

3. 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 at item 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 Register of Members' 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 interests 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 OF SCRUTINY PANEL MEETINGS (PAGES 1 - 34)

To receive and note the minutes of the following Scrutiny Panels and to approve any recommendations contained within:

Adults and Health Scrutiny Panel – 8th December 2022
Housing, Planning and Development Scrutiny Panel – 12th December 2022
Environment & Community Safety Scrutiny Panel – 15th December 2022
Children and Young People's Scrutiny Panel – 3rd January 2023 (To follow)

7. TREASURY MANAGEMENT STRATEGY STATEMENT 2023/24 (PAGES 35 - 60)

To receive and make comments on the Treasury Management Strategy Statement for 2023/24.

8. CABINET MEMBER QUESTIONS - CABINET MEMBER FOR FINANCE & LOCAL INVESTMENT

Verbal update

9. SCRUTINY OF THE 2023/24 DRAFT BUDGET AND 5 YEAR MEDIUM TERM FINANCIAL STRATEGY 2023/2028 - (PAGES 61 - 174)

List of Documents:

MTFS Cover Report

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 – Summary of General Fund Revenue 2022-23 Budget and Medium Term Financial Plan 2023-2028

Appendix D – 2023/24 New Revenue Growth Proposals

Appendix E – Summary of total agreed Revenue budget reduction proposals 2023-2028

Appendix F -2023/2028 Proposed Capital Programme

Appendix G – New Capital Budget Proposals 2023/24

Appendix H – MTFS Savings Tracker 2022/23-2025/26

Appendix I – Budget Scrutiny Recommendations Cover Report (To Follow)

Appendix J - Budget Scrutiny Recommendations (To Follow)

10. NEW ITEMS OF URGENT BUSINESS

11. FUTURE MEETINGS

30th March

Philip Slawther, Principal Committee Co-ordinator
Tel – 020 8489 2957
Fax – 020 8881 5218
Email: philip.slawther2@haringey.gov.uk

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

Wednesday, 11 January 2023

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Agenda Item 6

MINUTES OF THE MEETING OF THE ADULTS & HEALTH SCRUTINY PANEL HELD ON THURSDAY 8th DECEMBER 2022, 6.30pm - 8.35pm

PRESENT:

Councillors: Pippa Connor (Chair), Anna Abela, Cathy Brennan, Thayahlan Iyngkaran and Felicia Opoku

ATTENDING ONLINE:

Councillors: Sheila Peacock

Co-opted Members: Helena Kania

35. 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'.

36. APOLOGIES FOR ABSENCE

Apologies for absence were received from Ali Amasyali. Cllr Sheila Peacock gave apologies that she was not able to attend in person, though she did join the full meeting online.

37. 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 Sheltered Housing and Access to Health and Social Care Services had been discussed at the Cabinet meeting on 6th December 2022. She noted that the recommendations of the Panel had been broadly accepted and that an update report would be received by the Panel next year which would include input from various partners as they were directly relevant to the recommendations.

38. 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.

39. DEPUTATIONS/PETITIONS/ PRESENTATIONS/ QUESTIONS

None.

40. MINUTES

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

RESOLVED – That the minutes of the meeting held on 17th November 2022 be approved as an accurate record.

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

Josephine Lyseight, Head of Finance (People), introduced the report on the Draft Budget for 2023/24 and the Medium Term Financial Strategy (MTFS) for 2023/24 to 2027/28, noting that the suite of documents included details about new revenue savings proposals, revenue growth proposals and capital proposals as well as existing revenue savings and the proposed capital programme as a whole across the MTFS period. She explained that the additional new growth for the General Fund was £14.8m, of which £6m was being allocated to Adult Services. The Council was approximately £3m short of achieving a balanced position but this did not factor in any potential additional money arising from the Government's recent Autumn Statement. This included the flexibility for local authorities to increase the Adult Social Care precept from 1% to 2% as well as additional government funding to support hospital discharge. The final figures for grants would not be known until the Local Government Finance Settlement had been announced. However, the expectation was for a balanced budget position to be achieved by February 2023 when the Budget would be set.

Josephine Lyseight and colleagues then responded to questions from the Panel:

- Asked by Cllr Brennan how much difference a rise in the adult social care precept could make to the Budget, Josephine Lyseight estimated that this would raise approximately £1m per year which would be ringfenced for Adult Social Care services.

- Asked by Cllr Iyngkaran when the details of the adult social care grants would be known, Josephine Lyseight said that this was expected within the next couple of weeks but that it had been assumed that the grants would continue at a flat rate adjusted for inflation.
- Cllr Iyngkaran queried how much additional funding would be raised by a 1% increase in Council Tax. Josephine Lyseight noted that there would be the flexibility to do this from next year, as announced in the Government's Autumn Statement, but would need to provide a written response on the estimated amount that this could raise. **(ACTION)**
- Asked by Cllr Iyngkaran what the means for balancing the budget last year had been, Josephine Lyseight said that this involved a mix of Council Tax, general and specific grants from the Government as well as various fees and charges and maximising income from partners that the Council worked with on the delivery of services.
- Helena Kania queried the assumptions in place around inflation in the Budget. Josephine Lyseight clarified that a figure of 5% had been used for the care purchasing budget which had been seen as a reasonable assumption at the time that the budget proposals had been assembled. However, she acknowledged that the inflation rate could eventually turn out to be higher.
- Cllr Connor asked about the source of the additional £6m for Adult Services and whether this could potentially be raised again in future. Josephine Lyseight explained that the MTFS was reviewed each year and that services articulated the likely growth needs that were required. The ability to provide growth depended on the ability to deliver other savings as well as assumptions about other income and grants that were coming in. The £6m that had been awarded for 2023/24 would remain within the base budget in subsequent years and that budget would then be reviewed through the MTFS on an annual basis. There had also been a significant contribution to Adult Services from the Strategic Planning Reserve as set out in paragraph 5.7 of the main report.
- Cllr Connor referred to paragraph 5.5 of the main report and requested further explanation of what *"putting a challenge to existing and proposed capital programme"* involved. Josephine Lyseight explained that business cases were required before capital monies could be drawn down and that the capital programme was consistently reviewed to make sure that the schemes were still required, whether they could be brought forward to deliver revenue savings or whether schemes could be reduced to help fund other capital proposals.
- Cllr Connor referred to paragraph 8.35 of the Cabinet report which illustrated a cost of £13.3m in 2022/23 for interest payments to the revenue budget resulting from capital expenditure and noted that this was projected to rise to £37.9m by 2027/28. She queried whether capital expenditure could continue at the current level given the costs incurred by rising interest rates. Josephine Lyseight said that assumptions would have been made about the impact of the capital proposals on the revenue budget through the business cases including any

revenue savings and the cost of financing the capital. She agreed to provide further detail to the Panel on the specifics of this in writing. **(ACTION)**

- Cllr Abela referred to paragraph 7.51 of the Cabinet report which stated that the final year of a challenging savings programme for Adult Services had been removed and requested further explanation of this. Beverley Tarka, Director of Adults, Health & Communities, explained that, prior to the Covid-19 pandemic, the final year of savings for the previous MTFS had been based largely on demand management approaches that were no longer valid. The assumptions that preventative activities would reduce demand for care had not played out, as the impact of Covid had led to an increase in the number and complexity of cases. Alternative solutions had therefore been put in place.

New Revenue Savings Proposals 2023/24

Beverley Tarka introduced the five savings proposals set out in Appendix C. She noted that proposal AHC_SAV_001 on improved processes and practices was an ongoing initiative that had already paid dividends and was based on efficiencies such as reviewing residents on care packages in a timely fashion. The Council's aim was to promote the independence of residents where possible and so it was necessary to conduct a review, engage with providers to determine the appropriate cost of care and to implement the outcomes appropriately. Commissioning for independence rather than having static care costs would help to ensure that value for money was being achieved. For example, a mental health patient may need a high level of support after discharge from hospital but, over time, their behavioural needs and improvements in support could mean that a high level of support was no longer necessary. Vicky Murphy, Service Director for Adult Social Services, added that significant work had been undertaken to optimise the review system at the six-week stage as well as at the annual review. There had previously been delays in getting the early six-week review and so now there were opportunities to reduce levels of care where appropriate at an earlier stage.

Cllr Connor asked how the savings being made with providers over the cost of care could be maintained over the long-term. Beverley Tarka said that the constant throughput of new clients meant that savings could be made on an ongoing basis. For example, clients were previously staying on reablement for up to 14 weeks when reablement should usually be a 6-week free-of-charge intervention. Having brought this figure back to 6 weeks there were be new cohorts to work with on a regular basis meaning that savings would continue to be made.

Asked by Cllr Connor why the savings for AHC_SAV_001 were considerably smaller in 2024/25 when compared to 2023/24, Beverley Tarka said that the figures were based on assumptions on the clients coming through the system and their needs. These figures were reviewed annually and so updated figures would be provided in the following year's budget.

Cllr Abela observed that savings proposal AHC_SAV_002 was based on more effective mental health accommodation but also noted that there was insufficient accommodation in the Borough which was unlikely to be resolved within the next year. Beverley Tarka explained that when a mental health patient was ready for discharge from hospital, a decision may have to be taken to place them out of Borough at a very high cost. The Council then had to work with support structures to bring that person closer to home, often identifying local housing providers and achieve better value for money and better outcomes for individuals. If there was less pressure at the point of discharge, there may be a more appropriate outcome for the individual rather than sending them out of Borough.

Asked by Cllr Conner to provide further details about the 'Safety Valve' programme set out in savings proposal AHC_SAV_005, Josephine Lyseight explained that the Adult Services version of this programme followed on from a programme in Children's Services which had focused on three strands. These were on reducing demand for education and healthcare plans, more efficient commissioning strategies and enabling projects on service improvement. Work had been carried out to identify possible savings of up to £49m over five years across 18 different projects. The Department for Education had agreed to fund the historic deficit on Dedicated Schools Grants if it was demonstrated that these savings could be achieved by 2027/28. In terms of Adult Services, a lot of the service improvement work was already in place so the Safety Valve initiative was to create a programme of work that could be articulated to partners on how savings would be delivered.

Cllr Iyngkaran expressed concerns that the bulk of the £7.73m projected savings in 2023/24 were based on two specific savings proposals, noting that around 50% of the previous year's savings had not been achieved, and asked what mitigations would be in place if these savings were not achieved. Josephine Lyseight clarified that the savings proposed were made in the year specified and then maintained in every subsequent year. Beverley Tarka agreed that the savings were challenging but reiterated that the previous assumptions around savings no longer applied due to Covid and so a new approach had been developed based on intervening early to save costs and deliver a balanced budget. In the same way, it would be necessary to develop alternative savings in the event that delivering on the £7.73m savings was not achieved, as challenging as that may be. There had been a shift away from demand management assumptions, because the context in this area was so volatile, and towards more concrete savings based on commissioning efficiencies and improving value for money. She also commented that this area was particularly challenging due to insufficient funding from central Government in recent years. Vicky Murphy added that local authorities had seen cuts of 20-25% over the past 5-7 years while seeing a higher demand of up to 20% in acuity and demand.

Adding to the discussion on disruption caused by Covid, Vicky Murphy highlighted the significant increase in high-cost mental health placements out of Borough in recent years. She said that a new project group had been set up in the past six months which had worked to bring several of those individuals back in Borough in a supported living service at a much reduced cost. There were also frequent meetings with the Integrated Care Board (ICB) to look at how the financial risks in this area could be shared.

Cllr das Neves, Cabinet Member for Health, Social Care & Well-being, commented that the sector had asked for reform and a different approach to social care, but local authorities were constantly in the position of having to put more funds into vital services and to meet increasing and more complex needs. There were significant conversations at national level about hospital discharge, the challenges of an ageing population, people with complex needs following Covid and challenges within the NHS. She added that both the health and social care systems needed a greater level of support at national level that was currently not forthcoming.

Asked by Cllr Iyngkaran when the service would come back to the Panel if the savings were not deliverable, Beverley Tarka said that there was regular monitoring with corporate colleagues and an open dialogue about savings. The service had previously written off £4m of savings in preparation for the development of this plan as they were not deliverable for the reasons previously set out. In response to a query from Cllr Connor, Josephine Lyseight clarified that 'RAG' ratings on the proposals would be provided in the savings tracker next year but that would not happen at this stage because the proposals were for 2023/24 which had not yet started.

Cllr Connor commented that it would be useful to have a greater understanding of the financial contributions made by partners including the ICB, particularly given the robust conversations about hospital discharge and pressures on social care. Beverley Tarka said that the North Central London (NCL) ICB had received £6.4m to support winter discharge across the five Boroughs, of which Haringey Council had received £957k. She felt that the challenge was not to have one-off funding that doesn't lead to sustainable pathway outcomes but to have a funding structure that was more sustainable over the longer-term. Asked by Cllr Opoku whether this funding was fairly distributed across the Boroughs, Beverley Tarka responded that the expectation was that the Council and the ICB would work collaboratively to identify where resources were required, particularly around intermediate care when people were medically optimised to leave hospital but not quite ready to be at home.

Asked for further details about the breakdown of this funding, Beverley Tarka clarified that the overall funding for the NCL ICB area was approximately £12m but not all of this was provided directly to local authorities and the allocations were based on a formula. It was agreed that the full breakdown of the funding allocation would be provided to the Panel in writing. **(ACTION)** Asked by Cllr Iyngkaran, how the Council

would use this additional funding, Beverley Tarka said that discussions were still ongoing about this but that the Council would be required to evidence how it supported the effectiveness of hospital discharge. She also noted that the Council would not receive this funding all at once and that it would be received in stages.

Cllr Connor suggested that future savings proposals provided to Scrutiny should include some short bullet points on any risks that had been identified. **(ACTION)**

New Revenue Growth Proposals 2023/24

Beverley Tarka introduced the two growth proposals set out in Appendix D. In relation to proposal AHC_GR_001 on the level of acuity and complexity in clients, she noted that £2.8m of additional funding had already been added to the 2023/24 budget based on proposals from the previous year. However, as explained earlier, the service continuously revised and reassessed need and so this proposal added a further £2m to the budget based on anticipated demand. She added that proposal AHC_GR_002 added a further £4m to the budget to meet the anticipated inflationary pressures.

Asked by Cllr Connor what additional growth beyond this was anticipated from 2024/25 onwards, Josephine Lyseight said that this would need to be reviewed and put forward at the same time next year if necessary, but that there were limited resources across the Council. Sean Huang, Principal Accountant, clarified that the £2.8m of additional funding had already been built into the budget previously and was therefore not displayed in Appendix D as it was not new growth. In the same way, additional funding had already been allocated for 2024/25 onwards and was not displayed in Appendix D. Asked for further details on the amounts, Sean Huang said that he could provide the figures to the Panel in writing. **(ACTION)** In response to a question from Cllr Iyngkaran, Josephine Lyseight clarified that once growth had been added to the base budget, the funding remained in the budget for every subsequent year.

In relation to proposal AHC_GR_002, Cllr Iyngkaran expressed concerns that there was a risk here as inflation had been assumed to be 5% even though the national inflation rate was in excess of 10%. Beverley Tarka responded that this was a corporate decision which the service directors did not have a say in, but that her understanding was that the 5% rate was a best guess based on a situation that was not static. Josephine Lyseight added that the Government's Autumn Statement had assumed a rate of 7.4%, but this figure had not been known at the time that the budget proposals had been developed. Assumptions would need to be adjusted before the Budget was finalised in any case when the Local Government Finance Settlement had been announced and there would be a question at a corporate level on whether the 5% figure should be increased.

Previously Agreed Revenue Savings

The Panel then asked questions relating to Appendix E which tracked previously agreed savings covering 2022/23 to 2025/26.

Asked by Cllr Iyngkaran and Cllr Connor about the unachieved savings marked red on the chart, Beverley Tarka explained that these had been reprofiled and replaced with the alternative savings proposals considered under Appendix C. It had been accepted that the original savings would not be achieved in 2022/23 and were instead being reprofiled with the new savings proposals over future years.

Asked by Cllr Connor about the unachieved saving marked amber on the chart, Beverley Tarka explained that this meant that there was still potential for this to be delivered and that this would continue to be reviewed and could change to green in subsequent months based on new data.

Cllr Iyngkaran referred to the achieved savings marked green on the chart, noting that saving B2.8 on mental health had overdelivered savings by £500k. Beverley Tarka explained that this related to the reductions of high cost out-of Borough placements that Vicky Murphy had set out earlier in the meeting (under savings proposal AHC_SAV_002 on Appendix C). Similarly, on saving PA6 relating to high cost day opportunities, the £15k saving target for 2021/22 was based on the opening of the Chad Gordon Centre which enabled clients to transfer back in Borough. The 2021/22 saving had not been achieved due to Covid but, now that services were opening up again, a larger saving of £125k was now projected for 2022/23.

Cllr Peacock asked for further details about mental health placements as she was concerned about disturbances in sheltered housing schemes. Beverley Tarka commented that the savings being discussed related to complex cases and so would not be placed in sheltered housing. Vicky Murphy said that she was happy to discuss the issue with mental health and sheltered housing in further detail with Councillors after the meeting. **(ACTION)**

<u>New Capital Budget Proposals 2023/24</u>

The Panel then asked questions relating to Appendix F which provided descriptions of two new capital bids.

In relation to the bid on locality hubs, Cllr Connor noted that £3m of capital funding was proposed from the Council and asked what contributions were being made by partners. Gill Taylor, Assistant Director for Communities & Housing Support, clarified that this bid did not relate to the Locality Hub in Wood Green which was being led by health colleagues. While the Council would be making a contribution towards this, it was not the lead delivery partner. That was a significant capital project that was expected to open in 2024 and would involve Connected Communities along with

diagnostic services and other health services. The bid in Appendix F related specifically to the use of Council buildings to develop locality services that Council officers would staff. It was possible that there might be health capital input as the project was developed but that was not currently anticipated for the purposes of the bid.

In relation to the bid on Edwards Drive, Cllr Connor requested further details on the self-financing element of the project. Gill Taylor explained that money was currently being spent on placing adults with learning disabilities in a range of different accommodation types. Once the new service at Edwards Drive was developed, the same provisions would be provided with better quality services and with anticipated savings due to the density of provision that would be possible. The anticipated savings would be generated over a 40-year period and this would finance the project.

Proposed Capital Programme 2023/2028

The Panel then asked questions relating to Appendix F which provided details of the 2023/24 – 2027/28 Draft Capital Programme as a whole.

Asked by Cllr Connor for an update on Osborne Grove Nursing Home (Scheme Ref 214), Gill Taylor said that the project was ongoing and that an item would be brought to the Panel in 2023 to share further details on developments and the co-design work. There were significant inflationary pressures on all capital projects and there had been continuous business case reprofiling on Osborne Grove over the past 12 months. The project still currently stacked up financially based on the better-quality services that would be delivered and the anticipated savings. However, this remained under review with an emphasis on reducing any delays in order to prevent additional costs from being incurred.

Asked by Cllr Connor whether there were any specific financial variations on any capital projects worth highlighting, Gill Taylor confirmed there were no underspends. She commented that Osborne Grove was clearly the most significant project in terms of cost and scale, but that it was also worth noting that Canning Crescent was a major ongoing project due for completion.

Helena Kania queried why the funding for Aids & Adaptations (Scheme Ref 201) remained static over the next few years even though people would need more support to remain independent in their homes. Josephine Lyseight explained that this budget was funded by a grant from central Government and so, while the Council could lobby for an uplift in future years, it had little control over the amount of funding provided. Gill Taylor added that the Adults Department was currently working on a project to explore different forms of assistive technologies for people in their homes which would provide opportunities for savings. Vicky Murphy commented that further data could be provided on what the DFG (Disabled Facilities Grant) was currently funding in

Haringey and the revised grant position which would be available in the New Year. **(ACTION)**

Helena Kania queried why only two years of funding for Social Emotional & Mental Health Provision (Scheme Ref 218) was shown. Gill Taylor explained that this particular budget was to support a number of different capital projects, including improvements to existing buildings to build additional capacity or improve the quality of provision. It was also to explore a number of other projects that had not yet progressed to the business case stage and so funding would not be specifically allocated until that time. There was a lot of activity taking place in the mental and emotional health space and this was not the only funding being invested in this area.

Conclusions

Cllr Brennan asked whether the revised figures resulting from adjustments to the inflation figure or new information following the announcement of the Local Government Finance Settlement would be provided to the Panel. Josephine Lyseight explained that the final budget, including any revisions, would go to Cabinet in February. Cllr Connor added that the recommendations from the Scrutiny Panels would be considered by the Overview & Scrutiny Committee at its meeting on 19th January so there would be an opportunity to consider any substantive changes that were known at that time.

In terms of recommendations, Cllr Connor noted that the Panel had strongly highlighted risks associated with rising interest rates and therefore the costs to the revenue budget of borrowing for capital spend. The Panel had also expressed concerns about the risks associated with allocating only a 5% uplift for inflationary pressures while the Government's Autumn Statement had estimated that the rate of inflation would be 7.4%. Cllr Iyngkaran added that the high level of anticipated demand on services was also a considerable risk in terms of whether this had been adequately factored into projections going forward.

Cllr Connor noted that additional information would be provided by officers on Osborne Grove and on Aids & Adaptations/DFG.

Cllr Abela asked whether the Panel would be updated throughout the year on how the assumption on risk were working out and whether the proposed savings were on track. Cllr Connor explained that as the Chair, she received quarterly updates on finance, performance and risk and that any interested Members of the Panel could attend. Specific updates could also be brought to the Panel meetings.

RESOLVED – That the Panel should make recommendations on the Budget proposals on the risks associated with interest rates, inflation and demand levels to the Overview & Scrutiny Committee as detailed above.

RESOLVED – That the Panel should receive additional information from officers as requested prior to the next Overview & Scrutiny Committee meeting.

42. WORK PROGRAMME UPDATE

Dominic O'Brien, Scrutiny Officer, noted that there had been a few minor updates to the Panel's Work Programme, including the scheduling of an update on dementia services in approximately nine months. A joint meeting with the Children & Young People's Scrutiny Panel was scheduled in February following by the next regular meeting of the Panel in March which would include an update on actions taken following the Panel's previous recommendations on aids & adaptations as well as an update on integrated working and co-production.

Cllr Connor added that a report would be coming back to the Panel next year on sheltered housing and access to health and social services following the recent Cabinet response to the Panel's Scrutiny Review on this subject and that this would include input from relevant partners.

Cllr Connor also informed the Panel that evidence sessions for the next Scrutiny Review on access to social care services would be commencing in the New Year and that Panel Members should suggest any carers groups or community groups that the Panel could speak to as part of this work.

43. DATES OF FUTURE MEETINGS

- 9th Feb 2022 (7:00pm) (Joint meeting with CYP Scrutiny Panel)
- 13th Mar 2022 (6:30pm)

CHAIR: Councillor Pippa Connor

Signed by Chair ……..

Date ……

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MINUTES OF MEETING Housing, Planning and Development Scrutiny Panel HELD ON Monday, 12th December, 2022, 6.30 - 9.30 pm

PRESENT:

Councillors: Dawn Barnes, Mark Blake, Harrison-Mullane, Hymas, Khaled Moyeed, Matt White (Chair) and Adje

86. 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'.

87. APOLOGIES FOR ABSENCE

There were no apologies for absence.

88. URGENT BUSINESS

There were no items of urgent business.

89. DECLARATIONS OF INTEREST

There were no declarations of interest.

90. DEPUTATIONS/PETITIONS/PRESENTATIONS/QUESTIONS

The Panel received a public question from Alex Davies on behalf of the senior leadership and governing body of Chestnuts Primary School, in relation to the St Ann's development:

How will our pupils and their families be protected from the increase in pollution and vehicle traffic caused by the proposed permanent vehicle entrance opposite the school?

The Chair read out the following pre-prepared response to the question:

The planning application reference number HGY/2022/1833 submitted by Hill Residential, Catalyst Housing Limited and Catalyst by Design Limited for the St Ann's

Hospital site was considered by the Council's Planning Sub Committee on Tuesday 29 November 2022.

After considering a detailed report and hearing from objectors of the scheme including from the School, as well as supporters, the Committee resolved to grant planning permission subject to various conditions and legal obligations being agreed.

The report and discussions addressed concerns from school children about the access opposite Chestnuts Primacy School being used for construction traffic. There are two proposed site access points, and the majority of the works will use an access point to the east of the school and the developers have committed to minimising traffic opposite the school. The level of traffic using this entrance once the development is complete will be low due to the low level of parking on the site and the inclusion of measures to promote the use of sustainable transport.

The Committee's resolution referred to 'heads of terms' of legal agreements including the following to help improve air quality and safety:

- **Highway Works** - Creation of 2 new pedestrian crossings on St Ann's Road (1 signalised crossing and 1 zebra crossing)
- **Traffic Management Measures** - Provide a contribution of £80,000 towards the feasibility, design and consultation relating to the implementation of traffic management measures in the area surrounding the site
- **St Ann's Cycle Lane** - Provide a contribution of £150,000 towards a study of the feasibility and design of a protected cycle track on St Ann's Road.
- **Construction Logistics and Management** - Provide a contribution of £10,000 towards the assessment and monitoring of a detailed construction logistics and management plan (secured by condition)**.**
- **Accident Vision Zero** - Provision of a contribution of £24,000 towards reducing traffic accidents in the vicinity of the application site and supporting 'healthy streets'
- **Residents Liaison Group** - The applicant shall use reasonable endeavours to run, facilitate and organise quarterly meetings with local residents' groups, schools and businesses during the demolition and construction works relating to the whole development.

The Committee's resolution referred to conditions which also include a Demolition Logistics Plan, Demolition Environmental Management Plan, Construction Logistics Plan and Construction Environmental Management Plan where approval from the Council will need to be sought in due course. Discharging these conditions will require evidence of engagement with the Liaison Group mentioned above

In relation to a follow-up question, Mr Davies thanked the Chair for the response and requested that the Council ensured that the health and safety of the children at Chestnuts school should be at the forefront of minds in relation to the new development.

The Panel also received a deputation on behalf of Haringey Defend Council Housing. The deputation was introduced by Paul Burnham and Jacob Secker. The key points raised as part of the deputation were noted as:

- The current cost of living crisis was not the time for raising rents on 870 new build homes. This would widen the gap between the rent paid on existing properties and new stock, to an average of £60 per week. This is something that the Council should avoid.
- The Cabinet report did not even offer a detailed financial business case for this increase.
- London Affordable Rent was a discredited rent model that was being withdrawn by the Mayor of London. Shelter had produced a report, which showed that London Affordable Rent was not affordable to lower income working families as it cost more than 30% of their income. This was made worse when considering the additional cost of service charges.
- Concerns were noted that LBH was making a strategic decision towards higher rents. The information contained in the budget report to Cabinet showed that there was a 13.8% increase in rental income next year, rising to a 52% increase over current levels by 2027. It was suggested that this was way above what was permitted by the government.
- The MTFS Cabinet report suggested that, as rent and service charges were fixed, there was no need to consult residents on the rent increase. It was commented that this was untrue and that residents should be consulted upon £98m of rent income and £12m in service charges.
- The detailed management reports which previously went to the HfH Management Board and were publicly available were no longer available on the internet. Haringey Defend Council Housing would like to see a housing management committee of the Council formed and all of the equivalent papers published as part of this committee.
- It was suggested that the Council should stand up to the government and lobby them for the investment that local people need.
- The deputation party highlighted the open letter from the Deputy Leader of Islington Council to the government calling for a rent freeze.

The following arose as part of the discussion of the deputation:

a. The Panel sought clarification over the assertion that the London Affordable Rent (LAR) model had been discredited. In response, the deputation party advised that the Mayor's office has initially suggested that this would be no different to social rents under the model, bit that this had quickly proved to be untrue and that the average gap was around £60 per week. It was suggested that the Mayor's office were moving towards all social housing being at social rents and that the average amount of development grant would be 50% higher going forwards.
b. The Panel sought clarification around the extent to which tenants had been consulted upon the budget proposals previously. In response, the deputation party advised that tenants used to receive an annual consultation and that every tenant in the borough was written to. Any increases in rent and services charges were published as part of the December budget papers to Cabinet.

The failure to do this seemed to be at odds with the Council's stated goal to be open and transparent.

c. The Panel also sought clarification about the information that was no longer available on the website. In response, it was commented that HfH used to publish a huge amount of information which was no longer available. Particular attention was drawn to the backlog of fire safety actions that were no longer visible. It was suggested that no effective method had been put in place to replace this level of transparency. The deputation party would like to see a housing committee of the Council to oversee the management of what was HfH.
d. The Panel asked the deputation party if they had any further comments on the housing committee and its suggested role. In response, Defend Council Housing suggested that there was a degree of oversight when the ALMO was in place. The Council should have a formal committee in place with published agendas and minutes, so that tenants could play a part in how the housing function was managed and they could put forward issues to that committee. It was suggested that at present, there was a basic lack of democratic accountability for council tenants and leaseholders.
e. In relation to a query about whether there were any other specific authorities that had a good model for this, the Panel was advised that Swindon and Cambridge both had an effective housing committee in the past. It was essential that this housing committee was able to be critical of the Council.
f. Members acknowledged the need for the voice of tenants to be part of any housing committee and it was suggested that a representation of a tenant's body could perhaps be co-opted on to this panel.
g. The Panel sought clarification as to whether the deputation party had spoken to the Cabinet Member about London Affordable Rent being withdrawn by the Mayor. In response, Mr Burnham advised that he had not spoken to the Cabinet Member but that they would be aware of this. Mr Burnham advised that he would be happy to speak to the Cabinet Member.

In response to the deputation, Cllr Carlin, Cabinet Member for Housing Services, Private Renters and Planning set out:

a. That the governance arrangements around the housing service were in transition, following having been brought back in-house. The future governance models were being put in place and that these would require future Cabinet decisions.
b. There was a customer call group of residents that fed into the housing service, along with a housing resident advisory panel. The Cabinet Member also set out that she was also setting up an improvement board, that would have residents on it. The Cabinet Member suggested that this board could feed into the Panel going forwards.
c. The Cabinet Member gave assurances that, as a housing service, it was important to everyone involved that all information was freely available to residents for scrutiny and that further governance models were being put in place to support this.

The Chair thanked the deputation party and advised them that he would provide a written response, setting out what action the Panel would take in response to the deputation. **(Action: Chair).**

91. MINUTES

The Cabinet Member for Housing Services, Private Renters and Planning advised that she would bring the housing repairs improvement plan to the February meeting of the Panel as an agenda item. **(Action: Cllr Carlin/David Joyce).**

RESOLVED

That the minutes of the meeting of 1st November were agreed as a correct record.

92. HOUSING REPAIRS PERFORMANCE

The Panel received a report which provided an update on repairs performance in the housing service, following its transfer from the ALMO to the Council. The Report was introduced by Cllr Carlin, Cabinet Member for Housing Services, Private Renters and Planning as set out in the agenda pack at pages 9 to 16. Judith Page, Assistant Director for Property Services was also present for this agenda item. The following arose as part of the discussion on this report:

a. The Cabinet Member acknowledged that a significant level of improvement was still needed in the housing repairs service to reach the standards that the Council and residents expected. At the point of transfer to the Council in June 2022, the service had experienced significant instability both internally and externally for the previous two and a half years. The key issue was that a lot of the housing stock was old and in need of major works.
b. In response to a request for clarification, officers acknowdged a typographical error on page one of the report and that the chart should state that restricted repairs came to an end in June 2021, rather than repairs.
c. In response to a query about what was meant by a limited digital offer, the Panel was advised that repairs emails went into a centralised mailbox to customers services and that these had to be allocated from there.
d. In response to a question around KPIs and the percentage of appointments made and kept, the Cabinet Member advised that that this could be impacted by differing levels of priority. It was noted that the service was looking to publish reporting standards so that people would know how long they could expect to wait for a repair.
e. In response to a question about the timeframe for improving repairs, the Cabinet Member advised that that this would be set out as part of the improvement plan coming to the next Panel meeting. February would fit with in with the wider project planning for this as well as the recruitment of the AD for Housing Services and an AD of Housing Management in January.
f. Members advised that the stated 2.5% of repair jobs which resulted in a complaint, did not seem to reflect the level of complaints they were seeing in their casework. In response, the Cabinet Member commented that she would like to see this figure down to under 0.5% of complaints being escalated. Officers advised that they were bringing in a complex case team to deal with cases that had more than four repair jobs scheduled. It was envisaged that

adopting a casework management approach would help to bring down instances of complaints being escalated. Officers advised that part of the approach being adopted was to look at the wider culture of how the Council dealt with complaints.

g. Members commented that in terms of their own experiences, even if it was just a perception, it seemed as though things only got done once a councillor had become involved. In response, the Cabinet Member commented that ultimately the problem was around not identifying service failures quickly enough.
h. A Panel Member commented that they would like to see a system whereby feedback was provided to the ward councillor, so they could keep track of cases where they had escalated a complaint. Rather than the ward member only knowing that something had not been done when they were chased by the original complainant. The Cabinet Member acknowdged this point and reiterated that the key problem that needed to be resolved was identifying the initial service failing.

RESOLVED
Noted

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

The Panel received a covering report with a number of appendices, that set out the Council's draft budget and 5 Year Medium Term Financial Strategy (MTFS) 2023/2028 proposals relating to the Panel's remit. The report was introduced by John O'Keefe, Head of Finance (Capital, Place & Economy) a set out in the agenda pack at pages 17 to 92. Cllr Carlin, Cabinet Member for Housing Services, Private Renters and Planning was present, along with Cllr Gordon, Cabinet Member for Council House Building, Placemaking and Development. A number of officers from the Housing and Placemaking Directorate were also present.

By way of introduction, the Panel was advised that the report contained a summary of the draft budget proposals that were submitted to Cabinet the previous week. The proposals related to the revenue and capital General Fund budget as well as the HRA revenue and capital budgets, and the HRA business plan. The report noted that at present there was a £3.1m budget gap and that this was after circa £5m of additional one off funding (reserves) had been utilised. An updated report would be presented to Cabinet In February, which would reflect the updated financial position, having taken in to account the latest government funding settlement and other sources of income, such as grants. The Panel noted that the Council continued to maintain a wide ranging capital programme, however rising interest rates had affected the ability of the Council to self-finance some of these schemes.

The following arose during the discussion of this item:

a. The Panel sought clarification about the barriers to moving on from Temporary Accommodation (TA). The Panel also enquired whether this related to people who had been in Temporary Accommodation so long that the Council could not discharge its housing duty to them by placing them in the private rented sector. In response, the Cabinet Member for Housing Services, Private Renters and Planning advised that there was around 500 families who had been in TA for a

very long time, some as long as 20 years. Many of these families were settled and had little desire to move elsewhere. The problem was that there was a cost to the Council in making up the 10% difference between the London Housing Allowance Rate and the rate for the Temporary Accommodation, and that this put additional pressure on an already very stretched budget. Saving AHC_SAV_009 related to a piece of work that was being done to work with some of these families to find permanent accommodation that they would be willing to move into. This would save the Council money as the rates for permanent Council owned accommodation were cheaper. The Cabinet Member assured Panel members that this was not about discharging families into the private sector and that for many of the families in question they would not be allowed to do so due to the fact that they had been there before the regulation change came into effect.

b. Members asked whether, in making them a direct offer, the families in question would be jumping up the priority list. In response, the Cabinet Member advised that these families were already very high up on the allocations list, due to the length of time they had spent in Temporary Accommodation, the issue was that they were not bidding on permanent accommodation.
c. In response to a question around what happened when offers were refused, the Cabinet Member advised that the administration needed to develop a proper policy that set out how many offers a person or family was allowed to decline. Ultimately, the Council needed to reduce the temporary accommodation bill as it ran into millions of pounds, which came out of the housing budget. The Director of Placemaking and Housing added that the situation was not helped by the government's repeated failure to offer local government a longer term grant settlement, rather than the yearly grant that it had received for several years. This made medium term financial planning very difficult.
d. In relation to the £80k saving identified, the Panel sought clarification as to how this figure was arrived at, given it seemed quite ambitious. In response, the Cabinet Member emphasised that this was not a lot of money in the context of the circa £10m the authority spent on Temporary Accommodation each year. The Cabinet Member highlighted serious concerns with the fact the government was expected to reduce the amount of homelessness discretionary grant that the authority received and the impact this would have on the housing budget. Finance officers advised that the saving was based on a modest assumption of 180 families being relocated a year, multiplied by the average per household spend on TA.
e. The Panel requested a written breakdown of the £10m spend on Temporary Accommodation and how many families were expected to be moved on as part of the £80k saving. **(Action: Kaycee/David Joyce).**
f. The Panel sought assurances about how robust the financial assumptions made about P&H_SAV_001 were, and in particular, whether the £100k increase in planning fee income was achievable. In response, officers advised that Covid had seen a significant increase in applications given that a lot of people were home-based. This demand had not tailed off as yet. The projection was based on an expected national increase in fees by the government and based on current application levels.
g. In relation to additional income from the Proceeds of Crime Act (POCA) and a question about proactive work in this area, officers advised that they worked proactively with fraud colleagues on this to see where additional income could

be raised. The Planning Enforcement team had recently been active during a recent Week of Action in Wood Green. The Cabinet Member assured the Panel that she was looking to adopt a robust approach to Planning Enforcement.

h. In relation to A&H_SAV_007, the Panel sought assurances around proposals to use more one bed social housing properties for temporary accommodation and how the Council would prevent overcrowding given the propensity for families to grow over time. In response, the Cabinet Member advised that the authority was re-designing its allocations policy to allow it to map individual need and to fine tune the process of prioritising households who needed to move. It was commented that officers were look at undertaking loft extensions and extensions to the rear of properties to increase the size of the housing stock. The Cabinet Member also identified that the Council was looking at an offer to provide accommodation to adult children living with their family in Council accommodation, as well as building more family sized Council homes. The Cabinet Member acknowdged that Haringey has historically had an oversupply of one-bed properties and that there were also problems with overcrowding and associated damp problems as a result.
i. The Panel raised concerns about placing a family with a young child or children in a one bed property as those children would grow up and it would inevitably be overcrowded. The Cabinet Member advised that the properties being referred to were proper one bedroom units, rather than bed-sits. The Cabinet Member also set out that the Council had a legal duty to provide suitable accommodation and not place people in an overcrowded home, there was also recent case-law to back this up. The reality, it was suggested, was that the Council could not place people in overcrowded accommodation, however it was difficult due to the critical shortage of housing in the borough. The Council needed to secure as much property that it controlled as possible to ensure that people were being housed within the borough. The shortage of housing was exacerbated by a shortage of private rented sector accommodation. The Cabinet Member relayed an example of a family being place in emergency accommodation in a hotel in Ilford due to the shortage of available housing stock in the borough.
j. Panel Members sought clarification about the circumstances that families would be placed in hotels and whether this was only on an emergency basis and pre-assessment. In response, the Cabinet Member advised that this related to emergency accommodation. However, due to the shortage of housing stock even the in-borough emergency accommodation was full, and some people were being placed out of borough. It was noted that this was a London-wide issue. It was stated that using one bed housing stock for temporary accommodation would free up emergency accommodation the borough and that all elements of the housing portfolio were linked. In that sense it was not possible to compartmentalise pressures on emergency accommodation from other aspects of the Council's portfolio of housing.
k. The Panel reiterated its point about the fact that, given people were staying in Temporary Accommodation for a long time, families with young children would inevitably grow and that ideally there should be a dedicated bedroom for the child, with the obvious caveat that it depended on the age of the child. The Panel put forward a recommendation that that the suitability of accommodation used for Temporary Accommodation should be reviewed annually on family by family basis. In response the Cabinet Member advised that placing families in

Council housing stock with one bedroom, was no different to what would happen when placing people in TA into say the private sector. The Cabinet Member agreed to ask homelessness officers to feedback on whether a review of TA suitability was done annually and that if it wasn't then this should be the case. **(Action: Cllr Carlin/Jill Taylor).**

l. The Panel also sought clarity about whether the proposal related to one child or two babies or even two children. In response, the Cabinet Member clarified that it was not limited to one child families and that it was intended for small households with small children and that it would only be offered if it was considered suitable and it did not meet the statutory definition of overcrowding. The Panel requested a written clarification on the maximum number of adults and the maximum number of children, and the ages of the children, that would be placed in a one bedroom property. **(Action: Cllr Carlin/Jill Taylor).**

m. The Panel agreed to a recommendation around conducting an annual review on the suitability of all temporary accommodation for the families that live there. The Panel also agreed to make a recommendation to Cabinet that the suitability of placing families in one bedroom temporary accommodation should be limited to one child. **(Action: Philip).**

n. The Panel sought clarification in relation to saving AHC_SAV_008 and a seeming discrepancy in the figures of the 103 people in TA who required one-bedroom properties, the breakdown of the figures only added up to 100. Written clarification requested from officers. **(Action: Finance/Adults).**

o. In relation to new capital proposals the Chair noted a discrepancy in the figures for the schemes at Wards Corner, Gourlay Triangle, and Selby Urban Village in Appendix 2 compared to Appendix 5 of the pack. In response, officers advised that this was a profiling issue, as items in the capital programme were presented over a five year period and the higher figures represented anticipated spend in 2028/2029 and beyond.

p. The Panel sought clarification about school streets and whether this would be impacted by PCN income. In response, officers advised that PCN income came into the Environment & Neighbourhoods revenue budget and was entirely separate from the School Streets capital budget.

q. In response to a query around Wards Corner, Gourlay Triangle, and Selby Urban Village, officers advised that these schemes contained a number of different developments within the revenue budget and that any houses built on these sites would subsequently be transferred to the HRA, subject to the relevant business case for that scheme.

r. The Panel sought clarification about some of the points raised during the deputation in relation to London Affordable Rent (LAR) being withdrawn as a model. In response, the Cabinet Member for Council House Building, Placemaking and Development advised that LAR was only available until March and so it could only be used for houses in the 2016-2023 Programme. Once it was withdrawn the Council would use formula rents or whatever future model might be brought in to replace LAR.

s. In response to a question about why the Council was using LAR if there was a lower grant level attached to it, the Panel was advised that the homes in questions were always in the initial programme and the Council needed to get the spend for those homes out of the door or the funding would have to be returned to the GLA. It was also crucial to ensure that the GLA continued to invest in future programmes. The Cabinet Member advised that the grant

funding for the 2016-2023 programme was £120.2m and £127.5m for the 2021-2026 round of funding. This grant funding was essential to the viability of these schemes.

t. The Chair queried whether in order to receive this funding, the various schemes needed to start on site by March. The Cabinet Member confirmed that this was the case and there were different categorisations of what starting on site meant, including having received Planning Permission.
u. Officers agreed to provide a written response to whether any of the 840 homes in question had not yet received Planning Permission. **(Action: David Joyce).**
v. The Panel questioned why the rent levels for a bedsit and a one bedroom flat were the same, as suggested in the report. In response, the Cabinet Member advised that the Council was not building any bedsits as part of its housebuilding programme, and this was just how the rent rates were broken down in the report. Officers advised that there may be some historical bedsit properties in the borough, but not many.
w. The Panel sought assurances about a proposed reduction in funding available for the bad debt for tenants provision, and how sustainable that was given the cost of living crisis. In response the Cabinet Member for Council House Building, Placemaking and Development advised that the London Affordable Rent rates were below the London Housing Allowance rates, so anyone on benefits would be fine. It was estimated that there might be a very small number of tenants who may be subject to the benefit cap and this provision could be utilised to support them. The Cabinet Member for Member for Housing Services, Private Renters and Planning emphasised that the LAR rate was lower than the LHA rate, which itself was sitting at one third of market rates.
x. The Cabinet Member for Council House Building, Placemaking and Development set out that, given the interest rate spike and the increased construction costs, the Council has looked at all other means of delivering its housing programme and could, for example, increase the number of properties for private sale. The Cabinet Member advised that using London Affordable Rent was seen as the best option as it offered secure tenancies at council rents and those homes were going to people on the housing register.
y. The Panel sought clarification about the extent to which the administration was planning on undertaking consultation with tenants, given the Council was committed to co-production. In response, the Cabinet Member for Housing Services, Private Renters and Planning set out that the 7% rent increase would be part of the statutory consultation that was carried out as part of the wider budget. The Housing service would be looking at ways to add in additional ways to engage with residents going forwards.
z. The Cabinet Member for Council House Building, Placemaking and Development set out that LAR was a council rent by any meaningful definition, as it involved building homes with a secure council tenancy for those on the housing register. Most other boroughs did not differentiate between different forms of council rents. LAR was considered a council rent in planning policy terms and it was also included in the definition of a council rent within the London Plan. Both LAR and formula rents were considered to be low rent housing products.
aa. In response to the assertion by the deputation party that the decision to remove LAR was done on the grounds of affordability, officers commented that they did not believe this to be the case as they were both considered to be low

cost affordable rent products in the London Plan. The LAR was being withdrawn as part of the negotiations between the GLA and government about the new iteration of its Affordable Homes Programme and the rent model calculations therein.

bb. The Panel suggested that there need to be clarity about what the administration had taken this change of approach, given the manifesto commitment. In response, the Cabinet Member for Council House Building, Placemaking and Development advised that in an ideal scenario her political preference would have been to continue using formula rents. However, in light of the economic crisis and the increase in costs of construction, the Council had no other option. Charging London Affordable Rent was seen as the least bad option in the circumstances.

cc. The Chair advised that he would like to make a recommendation around the Council being clear when it talked about rent levels about exactly what it was referring to. The term formula rent should be used when formula rents were meant and similarly London Affordable Rent should be used when that was meant. The Council should also be clear that if a proposal was slightly more vague on what model should be used, then it should be clear about this. Rather than using terms like social rents or council rents seemingly interchangeably. **(Action: Philip)**

dd. The Chair also suggested that the gap in affordability to the cap from LAR to formula rent seemed to be slightly larger than was presented in the report. The Chair requested some more clarity and reassurance of the relative affordability of LAR against formula rent, based on the actual formula rather than their relative proximity to the cap. **(Action: David Joyce).**

ee. The Chair also commented that there seemed to be an implication that everyone in social housing was in receipt of benefits. The Chair requested clarity on the number of people in Council and Temporary accommodation who were working and not in receipt of benefits. **(Action: David Joyce).**

ff. The Panel sought assurances about the borrowing costs involved in the capital programme and how sustainable these were. In response, officers advised that these were higher than they would like them to be and that by February the Council would have finalised the MTFS and should have a HRA business plan that was balanced and generated enough revenue to pay off the debts in the HRA.

gg. In relation to heating service charges, the Cabinet Member advised that there were no plans increase energy costs through service charges in the budget. The four week consultation period was a statutory notice period used for all sorts of changes to housing management and was considered appropriate in that context.

hh. The Panel commented that the above comments and recommendations notwithstanding, they were generally happy with the budget proposals as set out.

RESOLVED

That the Panel considered and provided recommendations to Overview & Scrutiny Committee, on the Council's 2023/24 Draft Budget and 5 Year Medium Term Financial Strategy 2023/2028 proposals relating to the Panel's remit.

94. WORK PROGRAMME UPDATE

RESOLVED

The work programme was noted.

95. NEW ITEMS OF URGENT BUSINESS

N/A

96. DATES OF FUTURE MEETINGS

27 February 2023

CHAIR: Councillor Matt White

Signed by Chair ……..

Date ……

MINUTES OF MEETING Environment and Community Safety Scrutiny Panel HELD ON Thursday, 15th December, 2022, 6.30 pm

PRESENT:

Councillors: Scott Emery, Eldridge Culverwell, George Dunstall, Tammy Hymas, Michelle Simmons-Safo (Chair) and Alexandra Worrell

ALSO ATTENDING: Ian Sygrave (Co-Optee)

181. 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'.

182. APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllr Jogee, Cabinet Member for Economic Development, Jobs and Community Cohesion.

183. ITEMS OF URGENT BUSINESS

None.

184. DECLARATIONS OF INTEREST

None.

185. DEPUTATIONS/PETITIONS/PRESENTATIONS/QUESTIONS

The Panel received a deputation on major events in Finsbury Park, from the Friends of Finsbury Park Group (FOFPG). The deputation was introduced by Gina Harkell and Lawrence Singh. The key points of the deputation are summarised as:

- 2022 saw the biggest Wireless Festival so far with half the useable park fenced off from 22nd June - 24th July. 250k people attended over the six days, most of whom were not from Haringey. FOFPG would like to see the Council move away from large scale events and to adopt a more collaborative approach with the local community, to use the space as a unique area promoting biodiversity and offering families a natural outdoor green space to enjoy, play sports and to use the children's playgrounds.

- The Council is consulting on its Parks and Green Spaces Strategy. FOFPG believes a more consultative approach is more in-line with the stated aims of the strategy.
- Only 8% of tickets went to Haringey residents. Most came from outside London. Tickets were £130 – it was suggested that this may have contributed to people trying to surge the entrances to get in for free.
- FOFPG advised that they would like to see the events stopped for three reasons:
    - Public Safety: There was poor crowd control at the park entrance to the festivals on Seven Sisters Road as thousands of festival goers blocked the road outside. It had to be cordoned off by police blocking traffic and the tube station. Using videos, we have shown how close the event came to a tragedy as the crowd surged forward and people were crushed at the front trying to enter the festival. The event resulted in a lot of bad publicity for both Haringey Council and Live Nation in both national and local newspapers and BBC TV. Live Nation has had similar events happen at other festivals it organises and 8 people dies in a Live Nation event in Houston.
    - Environmental damage to the park: Grass was pounded into oblivion, tree branches broken and there was structural damage to drains and kerbs. Wildlife suffered.
    - The negative impact on the community, which has resulting in increasing opposition to these events. The petition being collected by FOFPG has over 2400 signatures.
- Combating the impact of climate change is incompatible with providing large scale festivals. These are more safely provided in purpose built stadiums like the 02 or Wembley.

The following arose during the discussion of the deputation:

a. The Panel enquired whether the Friends group had an alternative funding proposals to cover the shortfall in income from events, if they were to be stopped. This was felt to be of particular concern given the pressures on existing budgets. In response, the Friends group advised that they felt that Finsbury Park should be funded from the Parks budget, just like every other park. It was felt that parks were a core service offer and key community resource which should be funded just like any other key service. The Friends group set out that the judicial review, clearly set out that the money raised from events had to be spent on Finsbury Park. It was suggested that getting any detailed financial information from the Council was difficult, but that the latest 2020/21 accounts set out that the staffing budget for Finsbury Park was £871k. Ms Harkell suggested that this figure seemed implausible and questioned how much the staff were being paid, given the number of staff employed there.
b. The Panel sought clarification about how they would like to see the impacts highlighted by the deputation minimised in some way. In response, the deputation party advised that the friends group was not in favour of any of the festivals taking place, particularly as at £130 a ticket, these weren't for local people. The parks should be funded through the revenue budget and they

would like to see a return to the old days of having local free festivals in the park.

c. The Panel queried whether there were any community benefits that could be used to make these festivals more accessible to local people, such as free tickets. In response, the friends group advised that they did not think it was possible to have these events in the parks safely, there were too many access points and it was not feasible to employ enough staff to cover them all. The Videos of people climbing over fences and crowd surges were alarming and there were grave concerns for people's safety.
d. The Chair thanked the Friends group for their deputation.

RESOLVED

Noted.

186. MINUTES

RESOLVED

That the minutes of the previous meeting on 14th November be approved as a correct record.

187. PARKS UPDATE

Clerk's note- the Chair agreed to take the presentations for agenda items 7, 8 and 9 together. Questions on these items would then be taken as part of Agenda Item 10 – Cabinet Member Questions.

The Panel received a report which provided the Environment and Community Safety Scrutiny Panel with an update on the current performance and work programme within the Parks Team. The report was introduced by Simon Farrow, Head of Parks and Leisure as set out in the addendum reports pack at pages 1-6.

RESOLVED

That the update was noted

188. LEISURE UPDATE

The Panel received a presentation which provided the Environment and Community Safety Scrutiny Panel with an update on Haringey physical activity and sport in the borough. The presentation was introduced by Simon Farrow, Head of Parks and Leisure as set out in the addendum reports pack at pages 7-18.

RESOLVED

That the presentation was noted

189. UPDATE ON THE SUMMER MAJOR EVENTS PROGRAMME

190. CABINET MEMBER QUESTIONS WITH THE CABINET MEMBER COMMUNITIES AND CIVIC LIFE

The Panel undertook a questions and answer session with Cllr Julie Davies, the Cabinet Member for Communities and Civic Life regarding the parks and leisure elements of her portfolio. Questions from Panel members on agenda items 7,8 & 9 were also incorporated into this part of the meeting. The following arose as part of this Q&A session:

a. The Panel sought clarification around new sporting equipment and also what was happening with the tennis courts at Priory Park. In response, the Cabinet Member advised that resurfacing work was due to take place on a number of tennis courts in the borough and that overall, the Cabinet Member was pleased with the amount of investment that they had been able to put into New River and in terms of new equipment. Officers advised that they were working with the FA on a national scheme about improving local football pitches. It was hoped that they would lead to some additional investment in Haringey. More cover had also been put in place for tractor drivers to support sports pitch maintenance. In relation to the tennis courts at Priority Park, officers advised that there was a contract in place with Georgians who provided private coaching lessons on the courts, but that they also give free lessons to local residents. The Council was working with the LTA to improve the tennis court facilities and it was hoped that there would be two new courts and two mini-courts along with floodlighting, Planning Permission dependent. In general, the Cabinet Member advised that Haringey was down on swimming lanes and pitch space, but that the administration was seeking to improve this.
b. The Panel sought clarification about what was happening with the Haringey Walks campaign. The Panel also enquired what the Cabinet was doing to tackle health inequalities across the borough. In response, the Cabinet Member acknowdged the need to tackle health inequalities, especially post pandemic, and advised that this was taking place over several different portfolios. It was acknowledged that there was some work needed to improve the facilities at leisure centres and to increase participation levels, particularly in the east of the borough. Officers advised that Haringey Walks was still very much active and that 243 walks were delivered in the current year, with 2000 people taking part. Officers advised that they welcomed the Panel's input as they developed the new physical activity & sport strategy next year. Part of this discussion, it was suggested, could be around where to target financial resources to get the best results i.e. Haringey walks or by funding leisure centre concessions.
c. The Panel raised concerns about the Finsbury Park boundary review and the stated aim of making the park more permeable. It was questioned why Sustrans were involved in this review and why the Council was starting from a point of view that the park should be more permeable. A previous EVA conducted by the police concluded that the park should be made less permeable and that gates should be locked. In response, the Cabinet Member advised that the review was something she inherited as Cabinet Member, and that she welcomed increasing active travel rates. The Cabinet Member advised that she took safety issues in Finsbury Park very seriously, including VAWG. It was suggested that the lighting in Finsbury Park had made a significant difference to the safety of park users. It was also suggested that similar schemes in New York and Boston had made their parks safer by increasing the

number of entrance and exit points The Cabinet Member advised that the review would involve consultation with the local community and that the police would also be heavily involved in this. Any safety concerns raised by the police would be taken on board fully. The Cabinet Member set out that the park was very large and had around 8 entrance points. It was suggested that there was a discussion to be had about whether all of these entrances were needed and whether it might be safer to have more exit points in certain places. The Cabinet Member assured Members that whilst there may be a working assumption that fewer boundaries could make the park safer, if this was not the case then they would not do it. Officers agreed that the ultimate outcome had to be a safer park and that there was no fixed agenda on how to take this forward.

d. The Panel queried what more could be done to reduce noise nuisance from large events at Finsbury Park. In response, officers advised that noise nuisance was managed through the licensing process and that the licence set out how loud the sound could be off-site. There were eight monitoring sights and these did not change from event to event. Officers acknowdged the point made about different events being located in different parts of the park and the effect this had on noise in certain parts of the borough. The noise for each event was actively monitored and there were reports available for each event.
e. The Panel sought assurances about what was being done to hold Fusion to account to ensure that they provided the services they were supposed to deliver. Given Fusion's financial issues, the Panel also sought assurances around what would happen if they could not afford to continue to provide leisure services in Haringey. In response, the Cabinet Member acknowledged a level of dissatisfaction with the service provided and the fact that certain facilities were out of action. The Panel was advised that officers were pushing fusion hard to resolve the issues and that meetings had taken place with the Chief Executive of the national company to try and resolve it. The Cabinet Member advised that she would continue to assess how to best take this issue forwards.
f. In response to a question about provision of facilities for children in Finsbury Park, officers advised that there had been £759k spent on children's play equipment over the last three years, including the creation of the accessible play space. Officers were working with the Friends group about further improvements including upgrading the skate park. The Cabinet Member set out that investment into play equipment would continue, including in smaller parks and green spaces.

RESOLVED

Noted

191. SCRUTINY OF THE 2023/24 DRAFT BUDGET AND 5 YEAR MEDIUM TERM FINANCIAL STRATEGY 2023/2028

The Panel received a covering report with a number of appendices, that set out the Council's draft budget and 5 Year Medium Term Financial Strategy (MTFS) 2023/2028 proposals relating to the Panel's remit. The report was introduced by John O'Keefe, Head of Finance (Capital, Place & Economy) a set out in the agenda pack at pages 17 to 94. Cllr Davies, Cabinet Member for Communities & Civic Life was

present, along with Cllr Chandwani, Cabinet Member for Tackling Inequality and Resident Services, and Cllr Hakata, Cabinet Member for Climate Action, Environment and Transport, and Deputy Leader of the Council. A number of officers from the Environment and Neighbourhoods Directorate were also present.

By way of introduction, the Panel was advised that the report contained a summary of the draft budget proposals that were submitted to Cabinet the previous week. The proposals related to the revenue and capital General Fund budget as well as the HRA revenue and capital budgets, and the Dedicated Schools Grant. The report noted that at present there was a £3.1m budget gap and that this was after circa £5.5m of additional one off funding (reserves) had been utilised. A final MTFS report would be presented to Cabinet In February, which would reflect an updated financial position, having taken in to account the final levies and funding precepts from the Mayor, as well as the outcome of the local government funding settlement. The Panel noted that the Council continued to maintain a wide ranging capital programme. There was around £2.5m in growth budget provision; £490k of non-delivery of savings; and £6.6m of new savings, within the Environment and Neighbourhoods budget,

The following arose during the discussion of this agenda item:

a. The Panel sought clarification around the increased investment in the boroughs parks and streets identified in the report, and whether this was linked to a reduction in funding from TfL. In response, the Cabinet Member for Tackling Inequality and Residents Services advised that TfL's finances had been hit hard by the pandemic and that its funding settlement from the government was in a state of flux. It was noted that TfL funded transport related things, such as crossings and road safety schemes, rather than Parks. In Haringey, TfL were also supposed to fund maintenance of TfL managed roads and pavements (TfL Red Routes), but this had not happened due their ongoing funding problems. In summary, the Panel was advised that the authority was clear on the funding it would receive from TfL for this year but did not know about what would be received in future years.
b. The Panel sought clarification about the reducing trend of expenditure for particular schemes within the capital budget. In response, the Cabinet Member advised that this reflected the fact that earlier tranches of investment would reduce the need for ongoing spend. The example given was replacing the borough's street lighting and the fact that this should last for 30 years, the investment was front-loaded and so less investment was required in subsequent years of that capital scheme. Capital schemes were profiled over a five year period in the MTFS.
c. In relation to a question on self-financing capital schemes and instances where these may proceed despite not meeting their costs, officers advised that each scheme would produce its own business case and if this business case did not add up then Cabinet would be asked to review this and make a decision as to whether they would like to proceed. This was usually done in the context of where there were policy outcomes or drivers attached to that scheme. Examples of self-financing schemes in the E&N budget were given as Finsbury Park; the parks vehicles budget, upgrading these produced lower fleet running costs; and carbon reduction of parks buildings.
d. In relation to saving EN_SAV_001, the Panel sought clarification about the savings expected as a result of LTNs and School Streets programmes and how

those figures had been calculated. In response, officers advised that the income had been estimated based on their experience of School Streets in the borough and also LTNs going live. The modelling assumed a higher level of compliance and reduced income as these schemes became embedded. The AD for Direct Services emphasised that the driver for these schemes was not about income and that increased compliance was what was being sought.

e. In relation to a follow-up question on the above mentioned saving, and how increased debt recovery of parking fines would support the Council's ethical debt policy, the Cabinet Member advised that these were two separate things. The Council had delegated legal powers to issue a PCN, rather than pursue the case in court and would continue to do so. The ethical debt policy was set up to help people with the cost of living crisis where they had accumulated debt through no fault of their own, such as they could not pay their Council Tax, rather than were they had committed a criminal offense. In relation to a further follow-up question, the Cabinet Member advised that debt recovery would be increased through the new IT system and the ability to cross reference data checks to ensure that notices were issued to the correct people.
f. In relation to EN_SAV_001, the panel sought clarification about the new 4-5 area Heavy Goods Vehicle Restriction Zones CCTV Enforcement (£574K saving) and whether this meant that the Council was reducing HGV enforcement. In response, the Cabinet Member advised that they reviewed the location of the cameras every year to see if their continued presence was justified in light of the number of contraventions. The Panel were assured that there were no plans to relocate the HGV enforcement cameras in Harringay ward due to low levels of compliance there. The saving in questions related to the creation of four or five more HGV zones in the borough and was an income generating measure.
g. In relation to a question about current in-year overspends, officers advised that some of these had been corrected through base budget corrections put into next years' budget. Officers were working a number of work streams to reduce overspends.
h. In response to a question about what was being done to meet the budget gap, officers advised that the things happening between now and February should cover that budget gap but that at present, it was just not possible to say for certain as there were a lot of things that were beyond the Council's control.
i. The Panel queried what was included in the £1.3m saving related to the waste saving review. In response, the Cabinet Member advised that this saving was not due until 2025/26 and so the proposal was still at a very embryonic stage. The Council was currently engaging its residents to see what they would like to see as part of any future waste services contract. The administration would also need to determine the future model for any such arrangements, and whether this would be outsourced, insourced, or even a hybrid. It was suggested that there may be savings from combining a number of contracts held across the Council, with Veolia.
j. In relation to the previous saving PL20/9, the panel requested an update on getting Spurs to pay match day cleaning costs. In response, the Cabinet member advised that the wider impact from Spurs was covered under the Local Area Management Plan (LAMP). The Cabinet Member advised that talks with Spurs on paying match day cleaning costs paused due to Covid and needed to

restart. It was suggested that existing arrangements were insufficient and so it was not just about getting Spurs to pay for what was being done now.

k. In relation to the previous saving PL20/17, the Panel requested clarification about whether the number of subscriptions were decreasing or whether it was the overall volume of waste. In response, the Cabinet Member advised that the number of subscriptions was increasing but that the volume of waste could be down due to a very hot summer. Subscriptions were at full capacity in some areas but not in others, so work was continuing about how best to resource this.

l. The Panel commented on the extent to which buy-to-let landlords were selling up and queried the extent to which this had been factored into the income assumptions made on private sector licensing schemes. In response, officers advised that it was a five-year scheme and that income and expenditure would have to balance, so if there was a drop in income than the expenditure would have to be reduced. Officers set out that the savings came from efficiencies from having two schemes in place, as well as a possible increase in fees. Officers advised that they had not seen any evidence of a reduction in take up from the schemes and had received 9k application to date from 20k expected applications over the whole five year period.

m. In relation to EN_SAV_004, the panel sought clarification about not recruiting to existing vacancies within the parks service, as well as the reduction in the small green space improvement plan. In response, the Cabinet Member for Communities and Civic Life advised that this related to not recruiting to a vacant dedicated weed control post in parks. The post was to operate new machinery for removing weeds without using pesticides. The machinery would be used by other staff across the parks service instead. Officers advised that was only a two year scheme and that it would go into the budget in April 2023 and would be come out again from 2025/26.

n. In relation to concerns about the lights being left on at Stroud Green Primary School all night, Members were advised that this is something that should be taken up with the school, and the Head Teacher, directly.

o. In relation to parks and leisure income efficiencies (EN_SAV_004), the Panel queried about rent reviews for café's in parks. In response, officers advised that these took place every five years and that when this took place for individual cafes would be determined by where they were in the five-year cycle. The value of the business was taken into account when reviews were undertaken. There were two types of lease in parks, commercial leases and community leases, which received a 40% reduction. Commercial lease rent calculations would be based on market rates for park cafe, rather than a café on a high street.

p. The Panel agreed to put forward a recommendation to Cabinet about seeking assurances that the authority would be engaging robustly with Tottenham Hotspur F.C., to ensure that it paid its fair share of the clean-up costs from match days and other event days.

q. The Panel also recommended that, in relation to EN_SAV_00, Cabinet reconsider the part of this saving relating to not recruiting to existing vacancies within the parks service. The Panel would like to see the weed control operative post recruited to and that net £45k saving found from elsewhere.

RESOLVED

That the Panel considered and provided recommendations to Overview & Scrutiny Committee, on the Council's 2023/24 Draft Budget and 5 Year Medium Term Financial Strategy 2023/2028 proposals relating to the Panel's remit.

192. WORK PROGRAMME UPDATE

RESOLVED

The work programme was noted.

193. NEW ITEMS OF URGENT BUSINESS

N/A

194. DATES OF FUTURE MEETINGS

16th March 2023

CHAIR: Councillor Michelle Simmons-Safo

Signed by Chair ……..

Date ……

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Report for: Overview & Scrutiny Committee 19 January 2023

Title: Draft Treasury Management Strategy Statement 2023/24

Report authorised by: Toyin Bamidele, Assistant Director of Finance (Deputy S151 Officer)

Lead Officer: Tim Mpofu, Head of Pensions & Treasury
tim.mpofu@haringey.gov.uk

Ward(s) affected: N/A

Report for Key/ Non Key Decision: Non Key decision

1. Describe the issue under consideration

1.1 To present the draft Treasury Management Strategy Statement for 2023/24 to this Committee for scrutiny before it is presented to Corporate Committee and then Full Council for final approval.

2. Cabinet Member Introduction

2.1 Not applicable.

3. Recommendations

3.1 The Overview and Scrutiny Committee is requested to scrutinise and provide any comments on the proposed updated Treasury Management Strategy Statement for 2023/24 prior to its presentation to Corporate Committee and full Council for approval.

4. Reasons for decision

4.1 The CIPFA Treasury Management Code of Practice requires all local authorities to agree a Treasury Management Strategy Statement including an Investment Strategy annually in advance of the new financial year.

5. Alternative Options Considered

5.1 None

6. Background information

6.1. The CIPFA Treasury Management Code of Practice requires that the Treasury Management Strategy Statement is formulated by the Committee responsible for the monitoring of treasury management activities, is then subject to scrutiny before being approved by Full Council. In Haringey, the Corporate Committee is responsible for formulating the Treasury Management Strategy Statement for recommendation to Full Council through Overview and Scrutiny Committee. Any comments made by Overview and Scrutiny will be reported to Corporate Committee. Training

will be provided in advance of the meeting by Arlingclose, the Council's Treasury advisor.

6.2. The key updates to the proposed strategy being considered are summarised below:

- The Treasury Management Strategy Statement sets out a five-year position throughout the report, which better aligns with the Council's medium term financial strategy and budget report in section 3 of the report.
- For the purpose of setting the budget, it has been assumed that new treasury investments will be made at an average rate of 2.50%, and that new long-term loans will be borrowed at an average rate of 4.50%.
- The Council's borrowing strategy is set out in section 4 of the report. The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required.
- The Council's treasury investment strategy is set out in section 5 of the report. The CIPFA Code requires the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
- The Council's treasury management prudential indicators are set out in section 7 of the report. This section outlines how the Council plans to measure and manage its exposures to treasury management risks including credit risk, liquidity risk and refinancing risk.
- Annex A to the draft Treasury Management Strategy Statement includes an economic and interest forecast from the Council's treasury management advisors, Arlingclose.

7. Contributions to Strategic Outcomes

7.1 The treasury strategy will impact the achievement of the Council's budget.

8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

Finance and Procurement

8.1 The approval of a Treasury Management Strategy Statement is a requirement of the CIPFA Treasury Management Code of Practice and CIPFA Prudential Code.

8.2 Financial Comments are contained throughout the treasury management strategy statement.

Legal

8.3 The Head of Legal and Governance (Monitoring Officer) has been consulted on the content of this report. The Council must make arrangements for the proper administration of its financial affairs and its power of borrowing is set out in legislation.

8.4 The Council is required to determine and keep under review its borrowing and in complying with this requirement it must have regard to the code of practice entitled the "Prudential Code for Capital Finance in Local Authorities" as published by CIPFA from time to time.

8.5 As mentioned in this report the CIPFA Treasury Management Code of Practice requires the Council to agree a Treasury Management Strategy Statement (TMSS) (including an Investment Strategy). In considering the report Members must take into account the expert financial advice available and any further oral advice given at the meeting of the Committee.

Equalities

8.6 There are no equalities issues arising from this report.

9. Use of Appendices

9.1 Appendix 1 – Draft Treasury Management Strategy Statement 2023/24.

10. Local Government (Access to Information) Act 1985

10.1 Not applicable.

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London Borough of Haringey

Treasury Management Strategy Statement 2023/24

1. Introduction

1.1. Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.

1.2. Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2021 Edition* (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.

1.3. Investments held for service purposes or for commercial profit are considered in section 6 of this report, the Investment Strategy.

2. External Context – provided by the Council's appointed treasury advisor, Arlingclose

Economic background

2.1. The ongoing impact on the United Kingdom (UK) from the war in Ukraine, together with higher inflation, higher interest rates, uncertain government policy, and a deteriorating economic outlook, will be major influences on the Council's treasury management strategy for 2023/24.

2.2. In December 2022, the Bank of England (BoE) increased the Bank Rate by 0.50% to 3.50%. This followed a 0.75% rise in November which was the largest single rate hike since 1989 and the ninth successive rise since December 2021. The decision was voted for by a 6-3 majority of the Monetary Policy Committee (MPC), with two members preferring to maintain the Bank Rate at 3.00% and one member preferring to increase the Bank Rate by 0.75% to 3.75%.

2.3. The November quarterly Monetary Policy Report (MPR) forecast a prolonged but shallow recession in the UK with CPI inflation remaining elevated at over 10% in the near-term. While the projected peak of inflation is lower than previous forecasts (due in part to the government's support package for household energy costs), inflation is expected remain higher for longer over the forecast horizon and the economic outlook remains weak, with unemployment projected to start rising.

2.4. The UK economy contracted by 0.3% between July and September 2022 according to the Office for National Statistics, and the BoE forecasts Gross Domestic Product (GDP) will continue to decline throughout 2023 and the first half of 2024 due to the squeeze on household income from higher energy costs and goods prices.

2.5. CPI inflation is expected to have peaked at around 11% in the last calendar quarter of 2022 and expectations are that it will fall sharply to 1.4%, below the 2% target, in two years' time and to 0% in three years' time if the Bank Rate follows the path implied by financial markets at the time of the November MPF (a peak of 5.25%). However, the BoE has stated it considers this path to be too high, suggesting that the peak in interest rates

will be lower, reducing the risk of inflation falling too far below target. Market rates have fallen since the time of the November MPR.

2.6. The labour market remains tight for now, with the most recent statistics showing the unemployment rate fell to 3.7%. Earnings were up strongly in nominal terms by 6.1% for total pay and regular pay. However, when inflation is factored in, real pay for both measures was -2.7%. Looking forward, the November MPR showed the labour market weakening in response to the deteriorating outlook for growth, leading to the unemployment rate rising to around 6.5% in 2025.

2.7. Interest rates have also been rising sharply in the United States (US), with the Federal Reserve increasing the range on its key interest rates by 0.50% in December 2022 to 4.25%-4.50%. This followed four successive 0.75% rises in the pace of tightening that has seen rates increase from 0.25% - 0.50% in March 2022.

2.8. Annual inflation has been slowing in the US but remains above 7%. GDP grew at an annualised rate of 3.2% between July and September 2022, a better-than-expected rise, but with official interest rates expected to rise even further in the coming months, a recession in the region is widely expected at some point during 2023.

2.9. Inflation has been rising consistently in the Euro Zone since the start of 2022, hitting an annual rate of 10.6% in October 2022, before declining to 10.1% in November. Economic growth has been weakening with an expansion of just 0.3% in the three months to September 2022. As with the UK and US, the European Central Bank has been on an interest rate tightening cycle, pushing up its three key interest rates by 0.5% in December, taking it main refinancing rate to 2.5% and deposit facility rate to 2.0%

Credit Outlook

2.10. Credit default swap (CDS) prices generally followed an upward trend throughout 2022, indicating higher credit risk. The CDS prices have been boosted by the war in Ukraine, increasing economic and political uncertainty and a weaker global and UK outlook. However, the prices remain well below the levels seen at the beginning of the Covid-19 pandemic.

2.11. CDS price volatility has been higher in 2022 compared to 2021, and the divergence in prices between ringfenced (retail) and non-ringfenced (investment) banking entities has emerged once again.

2.12. The weakening economic picture during 2022 led the credit rating agencies to reflect this in their assessment of the outlook for the UK sovereign as well as several local authorities and financial institutions, revising them from to negative from stable.

2.13. There are competing tensions in the banking sector which could impact bank balance sheet strength going forward. The weakening economic outlook and likely recessions in many regions increase the possibility of a deterioration in the quality of banks' assets, while higher interest rates provide a boost to net income and profitability.

2.14. However, the institutions on the Council's treasury manager adviser Arlingclose's counterparty list remain well-capitalised and the counterparty advice provided on both recommended institutions and maximum duration remain under constant review and will continue to reflect economic conditions and the credit outlook.

Interest rate forecast (December 2022)

2.15. The Council's treasury management adviser Arlingclose forecasts that Bank Rate will continue to rise in 2023 as the Bank of England attempts to subdue inflation which is significantly above its 2% target.

2.16. While interest rate expectations reduced during October and November 2022, multiple interest rate rises are still expected over the forecast horizon despite looming recession. Arlingclose expects Bank Rate to rise to 4.25% by June 2023 under its central case, with the risks in the near- and medium-term to the upside should inflation not evolve as the Bank forecasts and remain persistently higher.

2.17. Yields are expected to remain broadly at current levels over the medium-term, with 5-, 10- and 20-year gilt yields expected to average around 3.50%, 3.50%, and 3.85% respectively over the 3-year period to December 2025. The risks for short, medium, and longer-term yields are judged to be broadly balanced over the forecast horizon. As ever, there will undoubtedly be short-term volatility due to economic and political uncertainty and events.

2.18. A more detailed economic and interest rate forecast provided by Arlingclose is attached at Annex A.

2.19. For the purpose of setting the budget, it has been assumed that new treasury investments will be made at an average rate of 2.50%, and that new long-term loans will be borrowed at an average rate of 4.50%.

3. Local Context

3.1. On 31 December 2022, the Council held £783.5m of borrowing and £53.2m of treasury investments. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

Table 1: Balance Sheet Summary and Forecast (Capital Financing Requirement)

	31.3.22 Actual £m	31.3.23 Estimate £m	31.3.24 Forecast £m	31.3.25 Forecast £m	31.3.26 Forecast £m	31.3.27 Forecast £m	31.3.28 Forecast £m
General Fund CFR	567.9	721.0	930.2	1,090.8	1,256.5	1,369.6	1,395.4
HRA CFR	404.7	487.3	627.3	823.1	1,046.4	1,207.3	1,326.8
Total CFR	**972.6**	**1,208.3**	**1,557.5**	**1,913.9**	**2,302.9**	**2,576.9**	**2,722.2**
Less: Other debt liabilities*	-26.8	-22.0	-17.6	-13.1	-10.4	-9.6	-8.8
Loans CFR	**945.8**	**1,186.3**	**1,539.9**	**1,900.8**	**2,292.5**	**2,567.3**	**2,713.4**
Less: Internal borrowing	-245.4	-169.3	-187.0	-210.7	-237.9	-268.1	-300.0
CFR Funded by External Borrowing	**700.4**	**1,017.0**	**1,352.9**	**1,690.1**	**2,054.6**	**2,299.2**	**2,413.4**
Breakdown of External Borrowing:							
Existing borrowing**	700.4	778.3	661.3	618.3	607.4	596.6	585.8
New borrowing to be raised	-	238.7	691.6	1,071.8	1,447.2	1,702.6	1,827.6

* leases and PFI liabilities that form part of the Authority's total debt

** shows only loans to which the Authority is committed and excludes optional refinancing

3.2. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR). The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing. The Council has an increasing CFR due to the capital programme, but minimal treasury investments and will therefore be required to borrow up to £1,827.6m over the forecast period.

3.3. CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Council expects to comply with this recommendation during the course of the medium-term financial strategy (MTFS).

3.4. The capital plans which underpin the borrowing requirement above are dealt with in the Council's main budget report (in particular the Capital Strategy section). The Council's capital programme is robustly scrutinised and tested to ensure that the capital plans are affordable and prudent. Table 1 shows the five-year effects of the Council's capital programme, however all capital plans are assessed in their entirety (i.e., some schemes are for a greater than five year time frame).

3.5. The breakdown of the forecast borrowing position at each financial year end for both the General Fund and the HRA is shown in table 2 below:

Table 2: Year-end Borrowing Position Summary

	31.3.22 Actual £m	31.3.23 Estimate £m	31.3.24 Forecast £m	31.3.25 Forecast £m	31.3.26 Forecast £m	31.3.27 Forecast £m	31.3.28 Forecast £m
General Fund borrowing	359.4	509.5	705.4	846.8	987.9	1,071.7	1,066.4
HRA borrowing	341.0	507.5	647.5	843.3	1,066.7	1,227.5	1,347.0
Total borrowing	**700.4**	**1,017.0**	**1,352.9**	**1,690.1**	**2,054.6**	**2,299.2**	**2,413.4**

Liability Benchmark

3.6. The liability benchmark has been calculated to compare the Council's actual borrowing against an alternative strategy. The liability benchmark shows the lowest risk level of borrowing. This assumes the same borrowing forecasts as table 1 above, but that cash and investment balances are kept to a minimum level of £20m at each year-end to maintain sufficient liquidity but minimise credit risk.

3.7. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or a long-term investor in the future. This is important in developing the Council's strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

Table 3: Prudential Indicator – Liability Benchmark

	31.3.22 Actual £m	31.3.23 Estimate £m	31.3.24 Forecast £m	31.3.25 Forecast £m	31.3.26 Forecast £m	31.3.27 Forecast £m	31.3.28 Forecast £m
Loans CFR	945.8	1,186.3	1,539.9	1,900.8	2,292.5	2,567.3	2,713.4
Less: Balance Sheet resources	-316.6	-347.4	-341.6	-347.4	-352.1	-356.9	-365.1
Net loans requirement	**629.2**	**838.9**	**1,198.3**	**1,553.4**	**1,940.4**	**2,210.4**	**2,348.3**
Plus: Liquidity allowance	20.0	20.0	20.0	20.0	20.0	20.0	20.0
Liability Benchmark	**649.2**	**858.9**	**1,218.3**	**1,573.4**	**1,960.4**	**2,230.4**	**2,368.3**

3.8. The long-term liability benchmark assumes the same capital expenditure funded by borrowing as included in the CFR, minimum revenue provision on new capital expenditure based on a 25-year asset life and income, expenditure and reserves all increasing by inflation of 2.5% a year.

4. Borrowing Strategy

4.1. On 31 December 2022, the Council held £783.5m of loans as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in table 1 shows that the Council expects to increase its borrowing by up to £652.5m by the end of 2023/24. The

Council may also borrow additional sums to pre-fund future years' borrowing requirements, provided this does not exceed the authorised limit for borrowing as set out in table 4 of this report.

Objectives

4.2. The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

Strategy

4.3. Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. The scale of the Council's capital programme, and the need to diversify the Council's debt portfolio to further minimise refinancing risk means that long term borrowing will be required during 2023/24. Therefore, the Council's strategy will be to fulfil its borrowing requirement during the financial year with a mixture of short-term and long-term borrowing.

4.4. With short-term interest rates currently lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow using short-term loans to finance the General Fund's capital programme. However, a significant portion of the HRA capital programme will continue to be financed by long-term borrowing, in line with the HRA business plan.

4.5. By doing so, the Council aims to reduce net borrowing costs and reduce overall treasury risk. The benefits of short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2023/24 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

4.6. The Council has in recent years raised all of its long-term borrowing from the Public Works Loan Board (PWLB) but will consider long-term loans from other sources including banks, pension funds and local authorities, and may investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Council has not done this in the past and intends to avoid this activity in order to retain its access to PWLB loans.

4.7. Alternatively, the Council may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

4.8. In addition, the Council may borrow short-term loans to cover unplanned cash flow shortages.

Sources of Borrowing

4.9. The approved sources of long-term and short-term borrowing are:

- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body

- UK public and private sector pension funds (except Haringey Pension Fund and the London Collective Investment Vehicle)
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

Other Sources of Debt Finance

4.10. In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- Leasing
- Hire Purchase
- Private Finance Initiative
- Sale and Lease Back

Municipal Bonds Agency

4.11. UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to the Corporate Committee.

LOBOs

4.12. The Council holds £125m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. £125m of these LOBOs have options exercisable during 2023/24, and with interest rates having risen sharply recently, there is now a reasonable likelihood that lenders will explore their ability to exercise their options. If they do, the Council will take the option to repay the LOBO loans to reduce refinancing risk in later years.

4.13. Some LOBO lenders may be open to negotiating premature exit terms from LOBO loans via payment of a premium to the lender. The Council's policy will be to exit LOBO agreements if the costs of replacing the loans, including all premium, transaction and funding costs, generate a material net revenue saving for the Council over the life of the loan in net present value terms, and all costs are consistent with Haringey's approved medium term financial strategy. The decision to repay a LOBO loan will be determined by the S151 Officer in consultation with the lead Cabinet member for Finance, in line with Haringey's constitution.

4.14. When loans are prematurely repaid, there is usually a premium payable to the lender, to compensate them for interest forgone at the contractual rate, where prevailing interest rates are lower. The Council would need to refinance LOBOs by raising borrowing for both the original sum borrowed, and the premium payable to the lender. However, this type of arrangement can prove beneficial where interest savings exceed premium costs. Replacing LOBOs that contain an option for lenders to increase the rate, with fixed rate debt would reduce refinancing and interest rate risk.

4.15. As the Council's borrowing portfolio grows in line with its capital spending plans, the LOBOs will continue to shrink as a proportion of the Council's total borrowing.

Short-term and Variable Rate Loans

4.16. These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below. Financial derivatives may be used to manage this interest rate risk (see section below).

Debt Rescheduling

4.17. The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk. The recent rise in interest rates means that more favourable debt rescheduling opportunities should arise than in previous years.

Borrowing Limits

4.18. The Council's total borrowing limits are set out in table 4 below.

4.19. The **Authorised Limit** sets the maximum level of external borrowing on a gross basis (i.e., not net of investments) and is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit). The indicator separately identifies borrowing from other long-term liabilities such as finance leases. The Authorised Limit has been set on the estimate of the most likely, prudent but not worst-case scenario with sufficient headroom over and above this to allow for unusual cash movements.

4.20. The **Operational Boundary** links directly to the Council's estimates of the CFR and estimates of other cashflow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but not worst-case scenario but without the additional headroom included within the Authorised Limit. The Operational Boundary and Authorised Limit apply at the total level.

4.21. The Chief Finance Officer has the delegated authority, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long-term liabilities. Decisions will be based on the outcome of financial option appraisals and best value considerations. Any movement between these separate limits will be reported to the next meeting of the Corporate Committee.

Table 4: Borrowing Limits

	2022/23 Limit £m	2023/24 Limit £m	2024/25 Limit £m	2025/26 Limit £m	2026/27 Limit £m	2027/28 Limit £m
Authorised limit - borrowing	1,286.0	1,452.3	1,817.7	2,212.2	2,487.7	2,634.5
Authorised limit - PFI & Leases	25.7	23.2	17.3	13.7	12.7	11.7
Authorised limit - total external debt	**1,311.7**	**1,475.5**	**1,835.0**	**2,225.9**	**2,500.4**	**2,646.2**
Operational boundary - borrowing	1,236.0	1,402.3	1,767.7	2,162.2	2,437.7	2,584.5
Operational boundary - PFI & Leases	23.4	21.1	15.7	12.4	11.5	10.6
Operational boundary - total external debt	**1,259.4**	**1,423.4**	**1,783.4**	**2,174.6**	**2,449.2**	**2,595.1**

5. Treasury Investment Strategy

5.1. The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Council's treasury investment balance has ranged between £10.8m and £116m, and similar levels are expected to be maintained in the forthcoming year. It is a requirement of the Markets in Financial Instruments Directive II (MiFID) that the Council maintains an average investment balance of at least £10m, in order to maintain professional client status.

Objectives

5.2. The CIPFA Code requires the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested. The Council aims to be a responsible investor and will consider environmental, social and governance (ESG) factors when making investment decisions.

Strategy

5.3. As demonstrated by the liability benchmark above, the Council expects to be a long-term borrower and new treasury investments will therefore be made primarily to manage day-to-day cash flows using short-term low risk instruments.

5.4. The Council aims to maintain its policy of utilising highly creditworthy and highly liquid investments such as deposits with the Debt Management Office (DMO), AAA rated money market funds and loans to other local authorities on the Arlingclose approved counterparty list. If the Council were to consider diversifying into higher yielding asset classes during 2023/24, in particular for the estimated £10m that is available for longer-term investment due to being required for the MiFID professional client status, this would be the subject of further reports as it would represent a significant change in the treasury investment strategy.

ESG policy

5.5. Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Council's ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level.

5.6. When investing in banks and funds, the Council will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.

Business Models

5.7. Under the new IFRS 9 standard, the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

Approved Counterparties

5.8. The Council may invest its surplus funds with any of the counterparty types in table 5 on the following page, subject to the limits shown.

Table 5: Treasury Investment Counterparties and Limits

Sector	Time Limit	Counterparty Limit	Sector Limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	25 years	£5m	Unlimited
Banks (secured)*	2 years	£5m	Unlimited
Banks (unsecured)*	13 months	£5m	Unlimited
Building societies (unsecured)*	13 months	£5m	£20m
Registered providers (unsecured)*	5 years	£5m	£20m
Money Market Funds	n/a	£5m	Unlimited
Strategic Pooled Funds	n/a	£5m	Unlimited
Real Estate Investment Trusts	n/a	£5m	Unlimited

Minimum Credit Rating

5.9. Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

Government

5.10. The Council may invest in loans, and bonds and bills issued or guaranteed by, national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

Bank Secured Investments

5.11. Bank secured investments are investments that are secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

Banks and Building Societies (unsecured)

5.12. The Council may invest in accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

Registered Providers (unsecured)

5.13. The Council may invest in loans , and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

Money Market Funds

5.14. Money market funds are pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over banks of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Council will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

Strategic Pooled Funds

5.15. Strategic pooled funds include bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

Real Estate Investment Trusts (REITs)

5.16. REITs are publicly traded companies that invest mainly in real estate and pay most of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

Operational Bank Accounts

5.17. The Council may incur operational exposures, for example though current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £10m per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.

Risk Assessment and Credit Ratings

5.18. Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

5.19. Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "negative watch") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not

apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other Information on the Security of Investments

5.20. The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Council's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

5.21. When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

Investment Limits

5.22. The Council's revenue reserves available to cover investment losses are forecast to be £5 million on 31st March 2024 and £5 million on 31 March 2025. In order that no more than 100% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £5 million. A group of entities under the same ownership will be treated as a single organisation for limit purposes.

5.23. Limits are also placed on fund managers, investments in brokers' nominee accounts and foreign countries as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country since the risk is diversified over many countries.

Table 6: Additional Investment Limits

	Cash Limit
Any single organisation, except the UK Central Government	£5m each
UK Central Government	Unlimited
Any group of organisations under the same ownership	£5m per group
Any group of pooled funds under the same management	£5m per manager
Negotiable instruments held in a broker's nominee account	£5m per broker
Foreign countries	£5m per country
Registered providers and registered social landlords	£5m in total
Unsecured investments with building societies	£5m in total
Loans to unrated corporates	£5m in total
Money market funds*	£25m in total
Real Estate Investment Trusts	£5m in total

* These limits apply for both Haringey Council and Haringey Pension Fund, so the limit for Money Market Funds is £5m per MMF and £25m aggregate limit for the Council, and £25m for the Pension Fund.

Liquidity Management

5.24. The Council uses purpose-built cash flow forecasting software to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium-term financial plan and cash flow forecast.

6. Investment Strategy

6.1. The Council invests its money for three broad purposes:

- **Treasury management investments** – where the Council has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure,
- **Service investments** – to support local public services by lending to or buying shares in other organisations,
- **Commercial investments** – where the main purpose of the investment is to earn an investment income

6.2. This investment strategy section of the report meets the requirements of statutory guidance issued by the government in January 2018 and focuses on the second and third of these categories.

Treasury Management Investments

6.3. The Council typically receives its income in cash (e.g., from taxes and grants) before it pays for its expenditure in cash (e.g., through payroll and invoices). It also holds reserves for future expenditure. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA). The balance of treasury management investments is expected to fluctuate between £20 million and £75 million during the 2023/24 financial year.

6.4. The contribution that these investments make to the objectives of the Council is to support effective treasury management activities.

Service Investments

6.5. The Council lends money to third parties such as its subsidiaries, its suppliers, local businesses, local charities, housing associations, local residents and its employees to support local public services and stimulate local economic growth.

6.6. The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, it will be ensured that any new loans made will remain proportionate to the size of the Council. Balances as at 31 March 2022 were as follows:

Table 7: Loans for service purposes in £ millions as at 31 March 2022

Category of borrower	31.03.21 Balance £m	Loss allowance £m	31.03.21 Net figure in accounts £m
Local Businesses	1.6	(0.9)	0.7
Local Charities	49.0	(43.5)	5.5
Local Residents	0.1	-	0.1
Total Investments	**68.1**	**(44.4)**	**23.7**

6.7. The largest balance above relates to Alexandra Palace debts (shown under local charities). There are historic debt balances owed by the Trust that have not been legally discharged, totalling £49.0m. Much of this loan, £43.5m, is legally outstanding but does not currently have repayments being made, this debt dates back to previous decades when Haringey Council, expended funds on behalf of the Trust. Although the £43.5m debt has not been legally discharged, the Council has agreed that it will only seek to recover this when the Trust is in a position to repay amounts due.

6.8. The remainder of the outstanding amount are more recent loans relating to works carried out on the Ice Rink and West Storage Yard – these are being repaid in line with the original loan agreements. Loans issued to local business are arranged through the Opportunity Investment Fund.

6.9. Accounting standards require the Council to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Council's statement of accounts are shown net of this loss allowance. However, the Council makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

6.10. **Risk assessment**: The Council assesses the risk of loss before entering into and whilst holding service loans by weighing up the service outcomes any such loan could provide against the creditworthiness of the recipient. This is done on a case-by-case basis, given the low number of such arrangements. This forms part of the Council's capital programme, further details of which are in the Council's annual medium term financial strategy.

Commercial Investments: Property

6.11. The Council holds properties which are classified as 'investment properties' in the Council's statement of accounts. These properties are all within the local area, therefore contributing to the Council's local placemaking responsibilities, and include approximately 200 shops, offices and other commercial premises. The revenue stream associated with these (net of the costs of maintaining the properties) forms part of the Council's annual budget, therefore contributing to the resources available to the Council to spend on local public services. Any future acquisitions that the Council makes in this area will be made with reference to the CIPFA Prudential Property Investment guidance issued in 2019.

6.12. The value of investment properties disclosed in the 2021/22 draft statement of accounts was £99.4m.

Capacity, Skills, Culture and Advice

6.13. CIPFA's Treasury Management Code of Practice requires the Chief Financial Officer to ensure that all members tasked with treasury management responsibilities, including scrutiny of the treasury management function, receive appropriate training relevant to their needs, and have a full understanding of their roles and responsibilities.

6.14. Given the significant sums of money involved in treasury management, it is crucial for members have the necessary knowledge to understand the framework by which decisions are made and their impact on the Council's finances. Regular training sessions are arranged for members to keep their knowledge up to date.

6.15. The training needs of the Council's treasury management staff for training in investment management are assessed as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change. Staff regularly attend training courses, seminars and conferences provided by Arlingclose and other providers in the industry. Staff are also encouraged to study professional qualifications relevant to their responsibilities in the organisation from CIPFA, the Association of Corporate Treasurers and other appropriate organisations.

6.16. The Council has appointed Arlingclose Limited as treasury management advisers and receives specific advice on investment, debt and capital financing issues. The quality of this service is reviewed by the Council's senior treasury management officers.

6.17. Appropriately skilled and experienced finance and legal officers work with service departments to ensure that the risks associated with any projects they undertake, and compliance with regulation and statutory guidance are properly understood and form a key consideration in any decision-making process.

6.18. The Council's constitution has clearly defined roles and responsibilities for treasury management responsibilities, both for members, committees, and officers.

Investment Indicators

6.19. The Council has set the following quantitative indicators to allow elected members and the public to assess the Council's total risk exposure as a result of its investment decisions.

Total risk exposure

6.20. The first indicator shows the Council's total exposure to potential investment losses.

Table 8: Total Investment Exposure

Investment Type	31.3.22 Actual £m	31.3.23 Estimate £m	31.3.24 Forecast £m
Treasury management investments	71.2	20.0	20.0
Service investments: loans	23.7	23.7	23.7
Commercial investments: property	99.4	99.4	99.4
Total Investments	**194.3**	**143.1**	**143.1**

How investments are funded

6.21. Government guidance is that these indicators should include how investments are funded. Since the Council does not normally associate particular assets with particular liabilities, this guidance is challenging to comply with. However, the following investments could be described as funded by borrowing. The remainder of the Council's investments are funded by usable reserves and income received in advance of expenditure.

Table 9: Investments Funded by External Borrowing

Investment Type	31.3.22 Actual £m	31.03.22 Forecast £m	31.03.23 Forecast £m
Treasury management investments	0.0	0.0	0.0
Service investments: loans	17.6	20.4	20.9
Commercial investments: property	73.6	85.2	87.3
Total Investments	**91.2**	**105.6**	**108.2**

Rate of return received

6.22. This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

Table 10: Investment Rate of Return

Investment Type	31.3.22 Actual £m	31.3.23 Estimate £m	31.3.24 Forecast £m
Treasury management investments	0.07%	1.55%	2.50%
Service investments: loans	2.86%	2.86%	2.86%
Commercial investments: property	6.29%	4.00%	4.00%
Total Investments	**3.59%**	**3.47%**	**3.60%**

7. Treasury Management Prudential Indicators

7.1. The Council measures and manages its exposures to treasury management risks using the following indicators.

Security

7.2. The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit Risk Indicator	Target
Portfolio average credit rating	Above A-, score of 7 or lower

Liquidity

7.3. The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling 3-month period, without additional borrowing.

Liquidity Risk Indicator	Target
Total cash available within 3 months	£20m

Interest rate exposures

7.4. This indicator is set to control the Council's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

Interest Rate Risk Indicator	Target
Upper limit on one-year revenue impact of a 1% rise in interest rates	£2m
Upper limit on one-year revenue impact of a 1% fall in interest rates	£2m

7.5. The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at current rates.

Maturity structure of borrowing

7.6. This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing are shown on the following page:

Refinancing Rate Risk Indicator	Upper Limit	Lower Limit
Under 12 months	50%	0%
12 months and within 24 months	40%	0%
24 months and within 5 years	40%	0%
5 years and within 10 years	40%	0%
10 years and above	100%	0%

7.7. Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Total short-term borrowing

7.8. The Council has used short term borrowing (under 1 year in duration) from other local authorities extensively in recent years, as an alternative to longer term borrowing from PWLB, due to the lower interest rates, and subsequent revenue savings. Short term borrowing can also be raised from other counterparties such as banks. Short term borrowing exposes the Council to refinancing risk – the risk that interest rates rise quickly over a short period of time and are at significantly higher rates when the loans mature, and new replacement borrowing is required. Bearing this in mind, the Council will set a limit on the total amount of short-term borrowing that has no associated protection against interest rate rises, as a proportion of all borrowing.

Short term borrowing	Target
Upper limit on short-term borrowing that exposes the Council to interest rate rises as a percentage of total borrowing	30%

Long-term treasury management investments

7.9. The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term treasury management investments will be:

Price Risk Indicator	2023/24	2024/25	2025/26
Limit on principal invested beyond year end	£10m	£10m	£10m

8. Minimum Revenue Provision Policy Statement

8.1. Where the Council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008.

8.2. The Local Government Act 2003 requires the Council to have regard to the former Ministry of Housing, Communities and Local Government's Guidance on Minimum Revenue Provision (the MHCLG Guidance) most recently issued in 2018.

8.3. The broad aim of the MHCLG Guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

8.4. The MHCLG Guidance requires the Council to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the Guidance.

8.5. The Council's MRP policy was reviewed and revised to better reflect the rules set out in the prudential code and government guidance around prudent provision for repayment of borrowed capital. The revised policy, which took effect from 1 April 2016, ensured that provision for capital repayment is made over a period that is commensurate with the period in which the asset purchased provides benefits.

General Fund MRP policy: borrowing before 2007/08

8.6. The Council calculates MRP on historic debt based on the Capital Financing Requirement (CFR) as at 1 April 2007 at 2% of that CFR, fixed at the same cash value so that the whole debt is repaid after 50 years in total.

8.7. The historic MRP policy for borrowing incurred before 2007/08 led to MRP charges that exceeded what prudence required during the period from 1 April 2007 to 31 March 2016. This resulted in a cumulative charge at 31 March 2016 that was in excess of what is considered prudent and appropriate under the current policy. To reflect the historic over-provision the Council undertakes an annual review to determine whether to make a realignment of MRP charged to the General Fund, using the policy set out above, to recognise the excess sum charged to that point.

8.8. The following conditions will apply to the annual review:

- Total MRP after applying realignment will not be less than zero in any financial year.
- The cumulative total of the MRP realignment will never exceed the amount of historical over-provision calculated to 31 March 2016.

8.9. The table below summarises the historic overprovision position on pre 2008 General Fund expenditure:

Table 11: Summary of historic overprovision of MRP on pre 2008 GF expenditure

Investment Type	£m
MRP provided between 2008-2016 under previous policy to 31.3.2016	78.0
MRP required to be provided between 2008-2016 under current policy	45.2
Overprovision as at 31.3.2016	32.8

8.10. The remaining overprovision of MRP as at 31.3.2023 was £2.7m. The estimated MRP charges relating to pre 2008 general fund expenditure are summarised in the table below, due to the historic overprovision, MRP charges are estimated to be nil until part way through 2022/23 at which point the historic overprovision will be cleared.

Table 12: Estimated MRP charges on GF pre 2008 expenditure

	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
MRP charge on pre-2008 GF expenditure	5.0	5.0	5.0	5.0	5.0	5.0
Less: Historic overprovision	(2.7)	0.0	0.0	0.0	0.0	0.0
Net MRP charge for pre 2008 expenditure	2.3	5.0	5.0	5.0	5.0	5.0

General Fund MRP policy: prudential borrowing from 2007/08

8.11. For capital expenditure incurred on schemes after 31 March 2008, MRP will be determined by charging the expenditure over the expected useful life to the relevant asset as the

principal repayment based on the annuity method in accordance with Option 3 of the guidance.

8.12. This means that MRP will be calculated on an annuity basis (like many domestic mortgages) over the estimated life of the asset, at an appropriate interest rate. Estimated life periods will be determined by the Section 151 Officer under delegated powers.

8.13. In accordance with the provisions in the guidance, MRP will be first charged in the financial year following the one in which the entire asset to which the charge relates, becomes fully operational.

8.14. Financial agreements such as loans, investments or where assets are to be acquired for future development (including where capital receipts are part of the business case), will not, at the discretion of the CFO, attract MRP. This discretion will be applied where it is reasonable to assume that the initial capital investment will be returned to the Council in full at maturity or over a defined period.

Housing Revenue Account (HRA) MRP Policy

8.15. There is no statutory requirement to make an annual MRP charge for HRA assets, and the Council does not currently plan to do this given the current low level of debt per property that the Council holds, and the fact that sums charged as depreciation in the HRA are spent on major repairs to the Council's housing stock to ensure they remain in suitable condition. This policy will be kept under annual review.

Concession Agreements

8.16. MRP in relation to concession agreements (e.g., PFI contracts) and finance leases are calculated on an asset life method using an annuity repayment profile, consistent with the method for all prudential borrowing since 2007/08. Estimated life periods will be determined under delegated powers.

Finance Leases

8.17. For assets acquired by finance leases, including leases brought on Balance Sheet under the International Financial Reporting Standards (IFRS) based Accounting Code of Practice, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.

Statutory capitalisations

8.18. For expenditure which does not create a fixed asset but is statutorily capitalised and subject to estimated life periods that are referred to in the guidance, these estimated periods will generally be adopted by the Council. However, the Council reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.

8.19. Other methods to provide for debt repayment may occasionally be used in individual cases where this is consistent with the statutory duty to be prudent, at the discretion of the Section 151 Officer.

8.20. The Section 151 Officer may approve that such debt repayment provision may be made from capital receipts or from revenue provision.

9. Related Matters

9.1. The CIPFA Code requires the Council to include the following in its treasury management strategy.

Financial Derivatives

9.2. Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g., interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g., LOBO loans and callable deposits). The general power of competence in section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e., those that are not embedded into a loan or investment).

9.3. The Council will only use standalone financial derivatives (such as swaps, forwards, futures, and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be considered when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

9.4. Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk will be included to count against the counterparty credit limit and the relevant foreign country limit.

9.5. In line with the CIPFA Code, the Council will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

Housing Revenue Account

9.6. On 1st April 2012, the Council notionally split each of its existing long-term loans into General Fund and HRA pools. In the future, new long-term loans borrowed will be assigned in their entirety to one pool or the other. Interest payable and other costs/income arising from long-term loans (e.g., premiums and discounts on early redemption) will be charged/ credited to the respective revenue account. Differences between the value of the HRA loans pool and the HRA's underlying need to borrow (adjusted for HRA balance sheet resources available for investment) will result in a notional cash balance which may be positive or negative. This balance will be measured each month and interest transferred between the General Fund and HRA at the Authority's average interest rate on investments, adjusted for credit risk.

Markets in Financial Instruments Directive

9.7. The Council has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, the Director of Finance (S151 Officer) believes this to be the most appropriate status.

10. Financial Implications

10.1. The budget for investment income in 2023/24 is £500k based on an average investment portfolio of £20 million at an interest rate of 2.50%. This is assumed to remain constant throughout the MTFS period.

10.2. The budget for debt interest paid in 2023/24 is currently under review and will be finalised as part of the 2023/24 Budget approval at Council on 2nd March 2023. The average interest on new borrowing is assumed to be 4.50% based on the most recent interest rate forecast provided by Arlingclose. If actual levels of investments and borrowing, or actual interest

rates, differ from those forecasts, performance against budget will be correspondingly different.

11. Other Options Considered

11.1. The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Director of Finance (S151 Officer), having consulted the Cabinet Member for Finance, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

Annex A – Arlingclose Economic & Interest Rate Forecast - December 2022

Underlying assumptions:

- The influence of the previous UK Government's mini budget on interest rates and yields continues to wane following the more responsible approach shown by the current administration.
- Volatility in global markets continues as investors seek to understand the extent to which central banks are willing to tighten their monetary policy, as evidence of recessionary conditions builds. Investors appear to be more cautious, often willing to price in the downturn in growth and easing financial conditions. This raises the risk that central banks may incur a policy error by tightening too aggressively.
- The UK economy is already experiencing recessionary conditions and recent GDP and PMI data suggests the economy entered a technical recession in Q3 2022. The resilience shown by the economy has been surprising, despite the downturn in business activity and household spending. Lower demand should bear down on business pricing power and recent data suggests the UK has passed peak inflation.
- The lagged effect of the sharp tightening of monetary policy in 2022, and the lingering effects of the autumn mini budget on the housing market, widespread strike action, alongside high inflation, will continue to put pressure on household disposable income and wealth. The short- to medium-term outlook for the UK economy remains gloomy.
- Demand for labour appears to be declining, but not quickly enough in the official data for most MPC policymakers. The labour market remains the bright spot in the economy and persisting employment strength may support activity, although there is a feeling of borrowed time. The MPC focus is on nominal wage growth, despite the huge real term pay cuts being experienced by the vast majority. The Bank Rate will remain relatively high(er) until both inflation and wage growth declines.
- Global bond yields remain volatile as investors price in recessions even as central bankers push back on expectations for rate cuts in 2023. The US labour market remains tight, and the Fed wants to see persistently higher policy rates, but the lagged effects of past hikes will depress activity more significantly to test the Fed's resolve.
- While the BoE appears to be somewhat more dovish given the weak outlook for the UK economy, the ECB seems to harbour (worryingly) few doubts about the short-term direction of policy. Gilt yields will be broadly supported by both significant new bond supply and global rates expectations due to hawkish central bankers, offsetting the effects of declining inflation and growth.

Forecast:

- The MPC raised Bank Rate by 50bps to 3.5% in December as expected, with signs that some members believe that 3% is restrictive enough. However, a majority of members think further increases in Bank Rate might be required. Arlingclose continues to expect Bank Rate to peak at 4.25%, with further 25bps rises February, March, and May 2023.
- The MPC will cut rates in the medium term to stimulate a stuttering UK economy but will be reluctant to do so until wage growth eases. Arlingclose forecast rate cuts in the first half of 2024.
- Arlingclose expects gilt yields to remain broadly steady over the medium term, although with continued volatility across shorter time periods.

- Gilt yields face pressures to both sides from hawkish US/EZ central bank policy on one hand to the weak global economic outlook on the other. BoE bond sales and high government borrowing will provide further underlying support for yields.

Interest Rate Forecast:

The table below shows the most recent interest rate forecast provided by Arlingclose.

	Current	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
Official Bank Rate													
Upside risk	0.00	0.50	0.75	1.00	1.00	1.00	1.25	1.50	1.75	1.50	1.25	1.25	1.25
Arlingclose Central Case	3.50	4.00	4.25	4.25	4.25	4.25	4.00	3.75	3.50	3.25	3.25	3.25	3.25
Downside risk	0.00	0.50	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.00
3-month money market rate													
Upside risk	0.00	0.50	0.75	1.00	1.00	1.00	1.25	1.50	1.75	1.50	1.25	1.25	1.25
Arlingclose Central Case	3.00	4.40	4.40	4.40	4.35	4.30	4.25	4.00	3.75	3.50	3.40	3.40	3.40
Downside risk	0.00	0.50	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.00
5yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.43	3.60	3.80	3.80	3.80	3.70	3.60	3.50	3.40	3.30	3.30	3.30	3.30
Downside risk	0.00	0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
10yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.47	3.50	3.60	3.60	3.60	3.60	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Downside risk	0.00	0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
20yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.86	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85
Downside risk	0.00	0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
50yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.46	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60
Downside risk	0.00	0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

PWLB Standard Rate (Maturity Loans) = Gilt yield + 1.00%
PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%
UKIB Rate (Maturity Loans) = Gilt yield + 0.60%

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:

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 The report (attached as Appendix B) 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.

Sections of the Report Relevant to the Various Panels/Committee

The Draft Budget and MTFS report is a comprehensive document covering not just the General Fund Revenue and Capital position but also the HRA and DSG. The body of the report, therefore, does not provide detailed proposals for each Directorate; these are set out in the appendices.

However, the following itemises where reference is made in the body of the report.

5.19 **Housing and Regeneration**

- 6.20 – 6.22 Homelessness Prevention Grant (HPG)
- 8.19; 8.20; 8.31 - Capital

5.20 **Environment and Community Safety**

- 7.53 – New Savings
- 8.18; 8.30 - Capital

5.21 **Children and Young People**

- 1.3; 1.7 – Prior and current year growth proposals
- 7.38 – Policy Priorities
- 8.16; 8.28 – Capital
- 1.16; 10.0 - DSB

5.22 **Overview and Scrutiny Committee**

- 7.17 – 7.37 – Corporate Budget Growth / Pressures assumptions
- 7.51 – Re-profiled Corporate Saving (Digital)
- 8.21; 8.32 - Capital

6. Explanation of Appendices

6.1 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.

6.2 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.

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

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

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

6.6 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.

6.7 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.

6.8 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.

6.9 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.

7. Contribution to strategic outcomes

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

8. Statutory Officers comments

Finance

8.1 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

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

8.3 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

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

8.5 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.

8.6 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.

8.7 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.

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

9. 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 – Summary of General Fund Revenue 2022-23 Budget and Medium Term Financial Plan 2023-2028

Appendix D – 2023/24 New Revenue Growth Proposals

Appendix E – Summary of total agreed Revenue budget reduction proposals 2023-2028

Appendix F **-**2023/2028 Proposed Capital Programme

Appendix G **–** New Capital Budget Proposals 2023/24

Appendix H – MTFS Savings Tracker 2022/23-2025/26

Appendix I – Budget Scrutiny Recommendations Cover Report

Appendix J - Budget Scrutiny Recommendations

10. 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

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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

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.

1.3. Next years 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.

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.

1.5. 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.

1.6. 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.

1.7. 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.

1.8. 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.

1.9. 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

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.

1.13. 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.

1.14. 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.

1.15. 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

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.

1.17. 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.

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 Licensing Committee and Strategic Planning 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.

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 net 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.

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.

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

Appendix 1 - Summary of General Fund Revenue 2022-23 Budget and Medium Term Financial Plan 2023-2028

	2022/23	Movement	2023/24	Movement	2024/25	Movement	2025/26	Movement	2026/27	Movement	2027/28
	Budget		Draft Budget		Projected		Projected		Projected		Projected
Directorate	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Adults, Health & Communities	109,648	4,938	114,586	(451)	114,135	2,947	117,082	2,921	120,003	0	120,003
Children's Services	52,006	5,294	57,300	290	57,590	20	57,610	20	57,630	0	57,630
Culture, Strategy & Engagement	31,581	3,182	34,763	(1,729)	33,034	(2,235)	30,799	358	31,157	0	31,157
Environment & Neighbourhood	14,785	(2,398)	12,387	4,515	16,902	2,141	19,043	6	19,049	0	19,049
Placemaking & Housing	8,000	(852)	7,148	(715)	6,433	(70)	6,363	(30)	6,333	0	6,333
Chief Executive	287	9	295	0	295	0	295	0	295	0	295
Corporate Governance	1,531	279	1,809	0	1,809	0	1,809	0	1,809	0	1,809
Finance	45,086	7,688	52,774	13,986	66,760	8,821	75,581	8,049	83,630	0	83,630
Council Cash Limit	**262,924**	**18,139**	**281,062**	**15,896**	**296,958**	**11,624**	**308,582**	**11,324**	**319,906**	**0**	**319,906**
Further Savings to be Identified	0	(3,138)	(3,138)	(11,411)	(14,548)	(8,734)	(23,282)	(6,337)	(28,308)	(1,311)	(29,619)
Planned Contributions form Reserves	(4,564)	(936)	(5,500)	5,500	0	0	0	0	0	0	0
Total General Fund Budget	**258,360**	**14,065**	**272,425**	**9,985**	**282,410**	**2,890**	**285,300**	**4,987**	**291,598**	**-1,311**	**290,287**
Funding											
Council Tax	(117,884)	(5,469)	(123,353)	(6,296)	(129,649)	(3,901)	(133,550)	(4,021)	(137,570)	(4,140)	(141,710)
Council Tax Surplus	(1,925)	(25)	(1,950)	1,950	0	0	0	0	0	0	0
RSG	(22,797)	(1,827)	(24,624)	1,362	(23,262)	(460)	(23,722)	(474)	(24,197)	0	(24,197)
Top up Business Rates	(60,770)	(2,330)	(63,100)	(10,292)	(73,392)	3,200	(70,192)	0	(70,192)	(2,000)	(72,192)
Retained Business Rates	(21,218)	2,026	(19,192)	(3,099)	(22,291)	(446)	(22,737)	(455)	(23,192)	0	(23,192)
Section 31 Grants	(6,737)	(9,423)	(16,160)	12,160	(4,000)	(1,283)	(5,283)	(1,348)	(6,631)	0	(6,631)
NNDR Surplus/(Deficit)	225	46	271	(271)	0	0	0	0	0	0	0
NNDR Growth	(2,000)	2,000	0	0	0	0	0	0	0	0	0
Business Rate Inflation Cap	0	0	0	0	0	0	0	0	0	0	0
Retail Relief Grant	0	0	0	0	0	0	0	0	0	0	0
TUT	0	0	0	0	0	0	0	0	0	0	0
Total (Main Funding)	**(233,107)**	**(15,001)**	**(248,108)**	**(4,485)**	**(252,594)**	**(2,890)**	(255,483)	(6,298)	(261,781)	(6,140)	(267,922)
New Homes Bonus	(1,208)	0	(1,208)	0	(1,208)	0	(1,208)	0	(1,208)	0	(1,208)
Public Health	(20,353)	0	(20,353)	0	(20,353)	0	(20,353)	0	(20,353)	0	(20,353)
Other core grants	(8,256)	0	(8,256)	0	(8,256)	0	(8,256)	0	(8,256)	0	(8,256)
Total (Core/Other External Grants)	**(29,817)**	**-**	**(29,817)**	**-**	**(29,817)**	**-**	(29,817)	-	(29,817)	-	(29,817)

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Appendix 2 - Summary of New Revenue Budget Growth Proposals

Acronyms	
Adults, Health and Communities	AHC
Culture, Strategy and Engagement	CSE
Placemaking and Housing	P&H
Environment and Neighbourhoods	E&N
Children's Services	CYP

Ref	Description	Area	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.	AHC	2,000					2,000
AHC_GR_002	**<u>Inflationary Pressures</u>** 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	AHC	4,000					4,000

CSE_GR_001	**Libraries & Benefits Services - Base Budget Pressure** Libraries: Base Budget Pressure There is a structural budget pressure across Libraries which comes from (i) a misalignment of establishment to staffing budgets due to the presence of unfunded posts, resulting in a staffing overspend; and (ii) higher than budgeted premises costs notably across utilities and rates. Benefits: Base Budget pressure There is an historic funding deficit in the Housing Benefit administration budget because funding used to pay for the service has been partially withdrawn and the levels of activity required to maintain the database have been increasing as the caseload becomes more complex and the volume of changes has increased. The HB caseload is reducing by 10% per annum through migration to Universal Credit but new claims for Temporary and Exempt accommodation are more complex. The CTRS caseload continues to fluctuate, currently increasing slightly. The benefits staffing budget is currently £2.1m but the cost of running the service is £2.9m. This is currently comprising a mixture of permanent staff, agency and resilience contracts with external providers. To maintain the current levels of service and prevent backlogs and subsidy loss the service needs £642k next year to balance the budget. This gap will then reduce year on year as HB caseload reduces. It is assumed that 30% of the activity is for CTRS (for wich staffing levels stay fixed) and 70% for HB	CSE	942	(184)	(165)	(149)	(134)	310

CSE_GR_002	**LIFT (Low Income Family Tracker) System** This bid is to corporately fund the contract for the LIFT [Low Income Family Tracker] Platform. The LIFT dashboard is an invaluable resource which has been used across the council to support a variety of work The contract has recently been renewed (Feb 2022 for two years, with the potential for a two year extension) Multiple areas of the council are making use of the LIFT platform or data within it and utilising the Benefit and Budgeting Calculator provided by Policy in Practice (the contract provider) and it was agreed as a vital tool in the council's work. The costs identified in this growth bid are the maximum contract costs. As there is scope to internally re-charge elements of this contract to both the HRA and particular funding streams eg Household Support Fund. Therefore this growth bid is for half of the cost of the core contract, plus the benefits calculator. The bid represents a ceiling on costs which the Performance Team would seek to minimise each year via appropriate re-charges, thereby delivering in-year savings.	CSE	38			(38)		0

CSE_GR_003	**Electoral Registration Print & Postage Costs** The Electoral Services printing and postage budgets were set long ago, before Individual Electoral Registration (IER) made the process much more resource intensive and as such are no longer sufficient. The Electoral Registration Officer (ERO) is required to undertake activity to encourage potential electors to register to vote, to process those applications and to process absent voting applications. For things like postal and proxy vote applications, the ERO is also required to pay the return postage for applications submitted by post. The entire process is very strictly codified by legislation and there is little wiggle room. Electoral Services are also required to undertake an annual canvass of the Borough – again strictly codified in the legislation. Costs have already been minimised by, where possible, using our own staff to deliver bulk mail at canvass time rather than using Royal Mail	CSE	150	(150)				0

P&H_GR_001	**Planning, Building Standards & Sustainability** Affordable Bike Scheme - Linking into the social and climate justice, and the public health agenda. This would be to design and bring forward an affordable bike scheme, The objective would be to deliver low cost / free bikes to those who cannot pay, ensuring that they get the benefit of cycle lanes and active travel infrastructure. May result in a future capital bid. Carbon Programme Manager - The demand for supporting and capturing the outcomes is increasing on the Carbon and Climate Agenda Service needs a technical support programme manager to support this. This will increase resilience to the organisation through mapping of actions and progress, but also ensure that the technical support required is delivered in line with the Council's policy position. Development Control(Enforcement POCA) Where a planning enforcement case is successful, and it can be proven that the developer has made financial proceeds from crime, the Council can secure a share of the income via the Proceeds of Crime Act (POCA). Currently we use Financial Investigator services from LB Barnet which takes a % share. We are working jointly with colleagues in Audit & Risk Management	P&H	230	(230)				0

EN_GR_001	This growth is made up the following base budget pressures: - Parking income budget gap - caused by a number of factors such as Resident Permits & Pay for Parking including ULEZ compliance and change to parking behaviours. - Nuisance Vehicle Removal Budget Gap - Historic budget gaps due to unachieved savings, and an increase in the contract price when last tendered. - Unachieved Moving Traffic Enforcement Income Budget Gap - failure to achieve the additional income expected, due to increased compliance. - Anti-social Behaviour Fixed Penalty Notice underachievement of income - base budget pressure caused by a number of factors including income assumptions not being realised, and declining recovery rates. - School Swimming income - Budget pressure a reflection of	E&N	2,546					2,546

CYP_GR_001	**Rising costs of social care placements - Inflation assumption** We anticipate that next year we will need growth of £1m additional costs due to inflation. This is 5% of the placements' budget We expect this increase will apply to almost all settings including our foster carers, some of thom have not had an uplift for a number of years.	CYP	1,000					1,000

CYP_GR_002	**Rising numbers of children with SEND requiring SEND transport and rising costs of transportation** This has been a budget under pressure for a number years. We continue to see a 7% demand growth in children needing Education Health and Care plans and therefore numbers eligible for transport rise too. Significant rises in fuel costs has brought additional pressures to the newly procured transport routes for September. A number of actions in place to mitigate the rising pressures include: - New Route Mapping software to ensure the routes are as efficient as possible. - Developing more in-borough education placements to meet more demand locally - Ensuring travel budgets are processed efficiently and ensuring payments are only made for days that school is attended; - Providing support to young people to ensure that more are able to become independent travellers. The growth proposed is £1m which is less than the current £2M pressure. However planned mitigating actions assumes that the pressure will be less than the current £2m.	CYP	1,000					1,000

CYP_GR_003	**Addressing 2022/23 base budget pressure** Our in-year pressure is around £2M and this is after we have forecast we will achieve stretch targets through MTFS activities. As a result of our MTFS actions in relation to supporting children to move safely from high need residential placements to family placements we have seen children in residential placements fall slightly over the first quarter of the year, however this is a trend we continue to monitor closely and this is mitigating some of the rising costs.Our monitoring also shows a rise in the number of young people in semi-independent provision which is contributing to some of the pressure in the placements budget . Alongside existing pressures, new pressures to the budget that we are anticipating include: -rising numbers of unaccompanied asylum seeking children as the Government has announced that the National Transfer Scheme threshold is being raised from 0.07% to 0.1% with immediate effect. The Government does provide a grant of £6K per child for the first three months which covers some of the costs, however we know these young people arrive with significant trauma and the need for additional support. We are anticipating we well need extra resource for ancillary costs such as age assessments, interpreters and key work support. - further pressures on staffing to support the increased numbers in child protection and the associated legal costs.	CYP	2,000					2,000

CYP_GR_004	**Continuing to fund the Free School Meals expanded programme** This proposal is to continue with the January 2021 Council's Cabinet agreement to expand eligibility for free school meals to defined groups of primary school pupils who are not currently eligible for free school meals. The proposal expands free school meal provision in Haringey above and beyond what the government currently offers by targeting groups of children most in need. This includes : those in social housing with a parent on Universal Credit (and legacy benefits), those in private housing receiving Discretionary Housing Payments and those with No Recourse to Public Funds (NRPF) status. Additionally, an emergency fund would be created to cover the cost of school meals for children whose parents fall into short term financial distress.	CYP	350					350

CYP_GR_005	**Rising Green youth centre** This proposal is to secure ongoing revenue costs for the Rising Green youth hub and to ensure that the Haringey Community Gold project can continue to be supported. The proposal will ensure the universal offer at both Rising Green and Bruce Gove can be sustained and ensure that the delivery across the two projects is consistent and staffed by experienced youth staff. This model provides an option that will enable some aspects of all delivery but with less staff resource. This would ensure that all aspects of the work were covered but would mean capacity to deliver would be reduced across all areas. Whilst there would be an offer to young people, the service would not be able to meet the needs of as many young people as are currently supported. This proposal will require a staffing restructure and vacancies are being managed to minimise disruption and mitigate against redundancies. These costs would arise in April 2025 as Supporting Family Reserves would be used to fund the service until then.	CYP		312				312

CYP_GR_006	**Social Workers in Schools programme** The Haringey Social Workers in School has been running in Haringey for around two years and has social workers have been embedded in seven secondary schools. The programme was funded by the Department for Education until August 2022 and delivered through What Works for Children's Social Care. By putting forward a further business case to the DfE and demonstrating the impact to date, additional funding was secured for the team until the end of September 2023. The service is valued highly by schools and costs around £526K for each financial year. The presence of SWIS social workers has allowed better communication and enhanced support to schools to work through safeguarding issues. On average, the team are providing no less than 30 consultations per week to the Designated Safeguarding Leads (DSL) and other school staff members. The SWIS team are also supporting DSL's with utilising various risk assessment tools and leading on the work so intervention groups around contextual safeguarding are embedded within schools. This has allowed a coordinated approach where the early help contextual safeguarding team, the school's police officers and SWIS are targeting children and young people at a much earlier level to ensure that bespoke work occurs with children and the families around contextual safeguarding in order to reduce risks.	CYP	525					525

Appendix 3 - Summary of total agreed Revenue budget reduction proposals 2023-2028

Acronyms	
Adults, Health and Communities	AHC
Culture, Strategy and Engagement	CSE
Placemaking and Housing	P&H
Environment and Neighbourhoods	E&N
Children's Services	CYP

Ref	Description	Area	2023/24	2024/25	2025/26	2026/27	2027/28	Total
			£'000	£'000	£'000	£'000	£'000	£'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.	AHC	(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.	AHC	(188)					(188)

AHC_SAV_003	**<u>Preventing debt build up for clients and sustainable financial pathway improvement</u>** 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 exisitng processes.	AHC	(800)	(700)	400	100		(1,000)
AHC_SAV_004	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	AHC	(500)	(500)				(1,000)

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.	AHC	(4,000)					(4,000)
AHC_SAV_006	**Extended Provision (Lodges) and use of Council owned buildings as temporary accommodation** Increasing the supply of Lodge accommodation by 100 units. Conversion and extension of one of the existing hostels has been scoped and will now be using the Station Road site for a modular Lodge. There is also the possibility of repurposing /developing other council owned buildings; currently considering Stokely Court as a temporary accommodation option. Additional savings can be found if further sites can be identified	AHC	(99)	(361)	(118)			(578)

AHC_SAV_007	**Use of 1 bed social housing as Temporary Accommodation (TA)** Use of one bed social housing as temporary accommodation for families with a baby or young children. As of right now, there are more 1 bed social housing properties than other sized properties, therefore, using a small proportion as TA would reduce TA costs. Current Annual Lettings Plan allows for 10 properties to be used for this purpose. This will be expanded to 15 and then 30 in 2023-24. Moves will particularly be focused to ensure people from Lodge accommodation are moved on, freeing up lodge vacancies.	AHC	(69)	(69)	(69)			(207)
AHC_SAV_008	**Housing Demand - Targeted 1 bedroom move on project** HPG funding is in place for a Project Officer to work with single vulnerable people to enable them to move from temporary into permanent housing. Alongside the benefits to the residents this will create capacity to re-use some temporary accommodation to deal with any new demand. There are 103 people in temporary accommodation who require one-bedroom properties. Our target to move 23 households, based on available properties described in the Lettings Plan and a further 77 moves in 23/24. Quota commitments will need to be reviewed for 23/24 to ensure that more Lets will be available to this client group.	AHC	(80)					(80)
AHC_SAV_009	**Housing Demand - Targeting families that have been in TA for significant number of years** A Project Officer will be engaged to work with families to remove any bariers to moving on from temporary accommodation. Targetted casework will include but not limited to ensuring that housholds are 'move' ready and supporting households to bid realistically for social housing . This is envisaged to be a 2.5 to 3 year project that will benefit from new supply delivered through the new build programme.	AHC	(400)	(400)				(800)

AHC_SAV_010	**Housing Demand - Private Sector Lease conversion** Leases held by the Council are restricted by TA subsidy arrangements (rental at 90% of 2011 Local Housing Allowance (LHA)). This subsidy is insufficent, which results in a cost to the council for each property. If other organisations, such as Homes for Haringey, the Haringey Community Benefit Society or Capital Letters are not restricted in this way. Reaching an arrangement where a trusted organisation holds the lease on the councils behalf will reduces costs whilst ensuring that accommodation is within current LHA rates and affordable to residents.	AHC	(81)	(175)	(54)			(310)

CSE_SAV_001	**<u>Customer Services & Libraries Service Reviews</u>** **Customer Services:** Context for delivery of customer services has changed since the pandemic with fewer in person visits (51% of pre-2020 numbers) and digitisation of an increasing number of transactions. Digital Customer Service project will implement a Customer Relationship Management (CRM) system and improved website to remove significant manual processing of online forms (currently 30% of all Customer Service transactions) and enable faster responses to customers. Development of the Deal offer in a number of localities will enable us to provide more local access to services and significant cross-training of all customer-facing staff will ensure they are able to provide basic Digital Assist and triage / signposting to relational help where needed. Phase 1 in 2024/25 will reduce the number of posts in Customer Services by 4 as a result of reducing manual processing volumes. High levels of agency in the service currently and active vacancy management will mitigate against redundancies of permanent staff. Phase 2 in 2025/26 includes reduction of Business change team as development of the CRM infrastructure will give us much smarter insight and understanding of our residents, enabling better learning and service improvements. **Library Service**: Review of service has shown multiple areas where improvements can be made. Replacing Development Manager with business manager enables a staffing budget saving as well as reducing overtime as rotas are improved. Using couriers or volunteers for deliveries and integrating the Home Library Service with the main Library Services creates a further efficiency and improvement opportunity. The maintenance budget can be reduced as a result of capital investment and the stock budget can also be reduced as Haringey has joined the Libraries Consortium, giving us access to millions of other libraries' titles through inter-library loans.B13	CSE	(300)	(160)	(160)	-	-	(620)

CSE_SAV_002	**<u>Additional commercial advertising opportunities</u>** Large Platform: Use of large digital screen, which comes with carbon purifying technology, for advertising will generate income. Also, there is scope to convert 3 sites from advertising hoardings to digital sites to generate further income. Both will be for a 5 year term Small Platform: Second high street/parades small format advertising - these are a great source of local reach in community locations and would offer our SME's a local advertising OOH at an affordable rate. On street promotions - Working with licensing, on set locations across the borough. This will enables us to manage who is working across the borough and ensure the correct licensing and public liability is in place. It also means that we can move along/fine illegal traders. Organisations pay a £130 licence, and we charge £150 per day per location, or £1000 per week. Fleet advertising - a number of councils have advertising on the side of their fleets. Our housing fleet would be an excellent platform for advertising. Terms of agreement would be a year, and the cost of production would be pushed onto the advertiser. We have been approached by a provider and could deliver income at approx £30k per annum. Urban hubs: By working with a commercial provider we can introduce 'urban hubs'. These range from 'we buy any car' 'lockers' 'ev points' and 'car washes'. We can repurpose excess capacity and underutilised parking spaces/areas within our car parks into logistical and mobility hubs and transform underutilised urban spaces into community hubs that connect people to goods, services, and experiences. Other LA's have achieved approx £40k-£50k pa.	CSE	(202)	(10)	(50)	(5)	(5)	(272)

CSE_SAV_003	**Improved Debt Recovery** Sundry Debt Implementation of a Debt Management system which is anticipated to improve income collection by up to 30% and save resourcing costs by 50% - effectively by doing more with less. The system offers the possibility of more automations to free up resources and increase customer engagement. To be prudent saving estimates 10% improvement of Sundry Debt ("SD"). The new debt system is expected to offer improved transparency on reporting SD collection. An Invoice Dispute Procedure was agreed and rolled out regarding all corporate SD's. This was in conjunction with Legal, Audit and Finance. There is currently c.£1m debt held on SAP under the 'query' category and the Corporate Debt team have recently started to enforce this. This presents an opportunity to cancel invoices (remove debts from our ledger) if queries remain unresolved following 7 days of our final call for a resolution. This is BAU activity - no additional resource required. HBOP Debt Improved and more intensive customer contact using Telsolutions (a triple-touch engagement boosting automation service - SMS/email/outbound call) has been implemented on HBOP debts and is estimated to improve collection by 10% annually and subject to a full team in place	CSE	(365)	(300)	-			(665)
CSE_SAV_004	**Single Person Discount Reviews** Single Person Discount Reviews in Council Tax (CT) estimated to reduce current level of 38,000 by 5% overall (1,900). Based on a 5% reduction across each CT Band this gives a total of c.£800k of projected additional CT income. Reviews to be undertaken using data matching to internal (parking, elections, NFI) and external (credit refernce agency/financial) data and followed up with individualised communication tailored to residents' circumstances. The costs of this initiative is £110k which represents 2 SC5/6 staff (£90k) and data costs (£20k).	CSE	(290)	(400)				(690)

P&H_SAV_001	**Development Management & Building Control income and fees** The proposal is to increase the S106/CIL monitoring/admin fees we receive from developers.(£20k) Implementation of a new back-office and public facing Development Management (planning applications & enforcement etc) and Building Control system (£20k) in 2022-23 via an existing capital funded project.The webpages will have more automation, 'live' updates and email notifications for customer self-service. Increase planning application fees by 35% (minor applications) and 25% (major applications) (£100k) following Government announcement in May 2022 of its inetention. This is subject to consultation and the effect date is not known, expected Summer 2023 at the time of announcement by the Minster who has since been replaced.It is expected that the Government will attach certain conditions to the increase in fees i.e be ringfenced to Planning services (which was the case for previous fee increases) and 'must lead to a better service for applicants'. Additional income via the Proceeds of Crime Act (POCA) (£10k), where a planning enforcement case is successful, and it can be proven that the developer has made financial proceeds from crime, the Council can secure a share of the POCA Income. Increase pre-application and Planning Performance Agreement (PPA) fees (£20k). Pre-app advice and PPAs help ensure that planning applications that are submitted are of good quality, meet the Council's objectives, and planning decisions can be made in a timely manner.	P&H	(170)	(10)				(180)
P&H_SAV_002	**Efficiencies within the Regeneraiton & Economic Development programme activity** This Proposal is to capitalise £200k per annum of resource within the PMO for Regeneration & Economic Development following a review of work expected to be carried on the Capital schemes. This is not expected to impact on the delivery of the department's programmes, as no change is proposed to the establishment structure. This figure has been arrived at following a review of remaining general fund revenue in capitalisable roles. Its implementation is being achieved through a comprehensive review of the recharge schedule for the department, with implementation backdated to 1st April 2022.	P&H	(200)					(200)

EN_SAV_001	**Traffic & Route Management Improvements** This savings proposal encompasses the following items : -New 4-5 area Heavy Goods Vehicle Restriction Zones CCTV Enforcement (£574K saving) Annual projected income £624k less ongoing revenue requirement £50k = MTFS £574k -Moving Traffic Cameras Net Income following the instalment of 35 school street cameras. - Rollout of 3 LTN areas. The current MTFS models the financial effect of the current LTNs. Each will be reviewed within the eighteen months statutory period from their implementation, which will determine the future of each scheme. The subsequent years in the draft MTFS include continuing, but reducing, income from the LTNs; this is purely for financial modelling and does not prejudge the outcome of the statutory review process. Future financial plans will be updated as necessary -Increased parking income, generated through improved debt recovery (£500k). It is estimated that £500k can be achieved over a period of 3 years. This will be achieved through business as usual activities.	E&N	(6,490)	959	200	50	-	(5,281)
EN_SAV_002	**Savings relating to waste services review** This savings proposal is regarding the waste strategy review and options appraisal (net £1.3m from 25/26)	E&N			(1,300)			(1,300)
EN_SAV_003	**Property Licencing Reviews** This proposal refers to 3 types of property licencing schemes - additional, mandatory and selective. This provides for a more accurately costed model of delivery to ensure that expenditure matches revenue. (Net £150k - £50k 24/25 & £100k in 25/26). These schemes are ring-fenced, meaning that costs are net neutral to revenue.	E&N		(50)	(100)			(150)

EN_SAV_004	**Parks and Leisure income/efficiencies improvements** This savings proposal encompasses the following items: -Events Income Increases in other parks - excluding Finsbury Park (Net £150k) -Property Lease Income Increases (Net £81k) - provisions with existing leases and other parks building allow for rent reviews to generate additional income over the next 5 years (over and above existing MTFS savings) - Not recruiting to existing vacancies within the Parks Service (Net £45k) - Additional Fixed Penalty Notice Enforcement Income from Parks (Net £15k) - Reduced Small Green Space Improvement Programme - (Net £50k)	E&N	(124)	(40)	(89)	(44)	(44)	(341)
CYP_SAV_001	Improved Service Commissioning to offset inflation pressure	CYP	(1,000)					(1,000)
CYP_SAV_002	Extension of existing savings programmes - continuing to work with young people to support their needs and prepare them for stepping down from high cost placements to placements with families (e.g. foster placements)	CYP	(500)	-				(500)

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APPENDIX 4: Draft General Fund Capital Programme 2023/24 – 2027/28

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
101	Primary Sch - repairs & maintenance	A range of repairs to various schools covering boiler replacement, rewiring and other items.	E	5,000	5,000	5,000	1,000	0	**16,000**
102	Primary Sch - mod & enhance (Inc SEN)	A range of larger, substantial repairs to schools such as re roofing works, new windows, and major fabric replacement	H	13,480	11,000	4,000	0	0	**28,480**
110	Devolved Sch Capital	This is passed 100% to schools	E	531	531	531	531	0	**2,124**
114	Secondary Sch - mod & enhance (Inc SEN)	A range of larger, substantial repairs to schools such as re roofing works, new windows, and major fabric replacement	H	270	270	270	0	0	**809**
121	Pendarren House	Works to the facility to bring it to a high standard of repair	H	2,913	70	0	0	0	**2,983**
122	Alternative Provision Strategy	To fund capital works that increase the number of AP places in the borough	H	1,800	4,800	4,500	300	0	**11,400**
124	In-Borough Residential Care Facility	The Council has a significant need to accommodate looked after children. Currently the need is met through out of borough placements which are expensive and can involve extended travel. The aim of this project is to provide these services in borough thus reducing cost, improving quality and reducing travel.	S	2,700	3,000	0	0	0	**5,700**
New Bid	Safety Valve	An application has been made to the Department for Education for funding to create addition in-borough capacity for children with a range of learning difficulties	E	7,000	0	0	0	0	**7,000**
Children's Services				**33,694**	**24,671**	**14,301**	**1,831**	**0**	**74,496**
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**

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
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**
119	School Streets	The funding is to support the roll out of the schools streets initiative	H & E	600	600	0	0	0	**1,200**
301	Street Lighting	This is the annual investment in capital maintenance	H	1,300	1,300	1,300	1,539	0	**5,439**
302	Borough Roads	This is the annual investment in capital maintenance. Of the budget in years 2024/25 onward, £3.985m is subject to external funding being generated.	H & E	10,029	10,909	10,909	7,858	0	**39,705**
304	Flood Water Management	This is the annual investment in capital maintenance	H & E	710	0	0	0	0	**710**
305	Borough Parking Plan	This funding underpins the borough parking plan	H	321	321	321	0	0	**963**
307	CCTV	This funding underpins the borough CCTV plan	H & E	774	0	0	0	0	**774**
309	Local Implementation Plan(LIP)	This funding is provided by TfL for infrastructure works called the Local Implementation Plan (LIP)	E	1,000	1,000	1,000	1,000	0	**4,000**
310	Developer S106 / S278	This funding is provided by developers to offset the deleterious effect of their development so that it is acceptable in planning terms	E	250	250	250	250	0	**1,000**
311	Parks Asset Management:	This is the annual investment in capital maintenance	H & E	775	300	300	300	0	**1,675**

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
313	Active Life in Parks:	This is the annual investment in capital maintenance	**H & E**	230	230	230	230	0	**920**
314	Parkland Walk Bridges	Investment in the refurbishment of a number of bridges	**H**	3,458	2,000	2,000	2,000	0	**9,458**
322	Finsbury Park	This budget is to cover investment in Finsbury Park funded through the events income	**S**	600	1,000	0	0	0	**1,600**
325	Parks Vehicles	This budget is to be used for the procurement of energy efficient park vehicles. It is self-funding and is aimed to reduce carbon emissions.	**S**	0	360	0	0	0	**360**
328	Street & Greenspace Greening Programme	This is an annual programme of investment in street & greenspace tree planting programme. The programme is used to match fund other external funds and sponsorship opportunities to deliver circa 200-250 trees per year. The current programme is much greater than this due to a large grant from the Urban Tree Challenge Fund and NCIL funding in four wards.	**H & E**	175	175	75	75	0	**500**
329	Park Building Carbon Reduction and Improvement Programme	A four year programme to improve the quality of the parks operational estate (13 buildings) including reducing the energy consumption and water usage by installing new technologies to reduce the carbon emissions to Zero in line with the Climate Action Plan targets for 2027.	**S**	1,050	1,000	750	0	0	**2,800**
332	Disabled Bay/Blue Badge	This budget is for extensions to existing bays	**H**	216	0	0	0	0	**216**
333	Waste Management	To upgrade waste infrastructure in the public realm	**H**	161	0	0	0	0	**161**
336	New River Sports & Fitness	This scheme is to improve the street environment within Haringey.	**S**	420	533	533	533	0	**2,019**
337	OFM Assets	This scheme's budget is largely to replace the vehicles currently hired from Veolia with Council owned vehicles. Whilst about 17% of the total budget is for the acquisition of OFM security body cameras and radios.	**H**	200	0	0	6	0	**206**

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
338	Road Casualty Reduction	Haringey Council is committed to improving road safety for all users and, in particular, to provide improved conditions for vulnerable road users, cyclists and pedestrians in the Borough. The Council is producing a Road Safety Strategy and Action Plan (RSSAP) to support Vision Zero. The RSSAP will assist in prioritising future infrastructure investment (e.g. locations of new crossings etc) that require an improved facility or safety measures, and make improvements to walking and cycling routes and facilities within the Borough. Expenditure in years 2024/25 onwards are subject to external funding being generated.	H & E	1,600	1,600	1,600	1,600	0	**6,400**
339	Wildflower Meadow Planting	The Council is developing a new Biodiversity Action Plan (BAP) as part of its Parks and Greenspaces Strategy, a key plank of the BAP will be the diversification of the landscape within Haringey to support a greater range of species and habitats. This proposal seeks to support the establishment of a wide range of meadow habitats at different scales.	H	80	0	0	0	0	**80**
Adjusted Scheme	Borough roads - Highways Asset Maintenance Programme	Scheme 302 has been adjusted to reprofile the activity and spend	H	(500)	0	0	0	0	**(500)**
Adjusted Scheme	Road Casualty Reduction	Scheme 338 has been adjusted to reprofile the activity and spend	H	(600)	0	0	0	0	**(600)**
New Bid	Active Life in Parks	See scheme 313 above	H	230	0	0	0	230	**460**
New Bid	Parkland Walk footbridge replacement works (314)	See scheme 314 above	H	0	0	0	0	2,000	**2,000**
New Bid	Parks Asset Management	See scheme 311 above	H	300	0	0	0	300	**600**
New Bid	Street Lighting Investment Programme	This is the annual investment in capital maintenance	H	0	0	0	0	1,539	**1,539**
New Bid	Wolves Lane: Market Garden City	This scheme provides additional funding to the Wolves Lane Market Garden City to complement significant external investment in the facility	H	160	0	0	0	0	**160**
Environment & Neighbourhoods				**23,539**	**21,578**	**19,268**	**15,391**	**4,069**	**83,845**
401	Tottenham Hale Green Space	This budget is to deliver improvements to Down Lane Park and the Paddock green spaces	H & E	2,055	4,849	0	0	0	**6,904**

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
402	Tottenham Hale Streets	This budget is to deliver public realm improvements in Tottenham Hale	**H & E**	800	1,319	0	0	0	**2,119**
4003	Tottenham Hale Housing Zone Funding	This budget funded by GLA is to invest in public realm within the Tottenham Hale Housing Zone	**H & E**	0	3,203	0	0	0	**3,203**
404	Good Economy Recovery plan	This scheme is to provide interventions in high streets, to promote economic activities.	**H**	1,150	0	0	0	0	**1,150**
411	Tottenham Heritage Action Zone (HAZ)	This budget funded by Historic England is to deliver shop front improvements, heritage restoration and public realm improvements within Bruce Grove Conservation Area	**H & E**	1,200	0	0	0	0	**1,200**
421	HRW Acquisition	The budget is for the acquisition of properties as part of the HRW redevelopment. The costs will be met by the developer.	**E**	38,180	12,200	4,600	112,600	0	**167,580**
429	Site Acq (Tott & Wood Green)	The budget is to provide the capacity to respond to opportunities to acquire properties. The spending of the budget is subject to a business case.	**S**	10,000	12,000	27,760	0	0	**49,760**
465	District Energy Network (DEN)	The funding is to support the creation of a decentralised energy network and is subject to a successful business case	**S & E**	3,500	1,771	6,372	0	0	**11,643**
473	Enterprising Tottenham High Road (ETHR)	This budget funded by GLA is to invest in workspace in Bruce Grove	**H**	752	0	0	0	0	**752**
480	Wood Green Regen (2)	This budget is to facilitate the wider regeneration of the WG area.	**H & E**	7,750	8,664	7,627	5,990	0	**30,030**
488	Liveable Seven Sisters (LSS)	This budget is to deliver public realm and parks improvements in Seven Sisters	**H & E**	1,019	0	0	0	0	**1,019**
493	Bruce Grove Yards (BGY)	This budget is to deliver public realm improvements in Bruce grove	**H**	218	0	0	0	0	**218**
4005	SME Workspace Intensification	The funding is to intensify use of the Council's industrial estate and spend is subject to a successful business case	**E**	4,000	0	0	0	0	**4,000**
4007	Tottenham Hale Decentralised Energy Network (DEN)	The funding is to support the creation of a decentralised energy network and is subject to a successful business case	**S & E**	5,000	7,000	7,500	1,723	0	**21,223**
4008	Wood Green Decentralised Energy Network (DEN)	The funding is to support the creation of a decentralised energy network and is subject to a successful business case	**S & E**	2,500	7,500	7,500	2,153	0	**19,653**
4009	Additional Carbon Reduction Project	This budget is to assist other capital schemes to become more carbon efficient and it is self-funded.	**S**	6,500	3,000	4,000	0	0	**13,500**
4010	Selby Urban Village Project	The funding is to support the redevelopment of the Selby Centre and associated works	**S**	25,000	15,000	21,416	24,760	0	**86,176**
4011	Commercial Property Remediation		**H**	3	0	0	0	0	**3**

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
316	Asset Management of Council Buildings	This scheme funds works to the council's operational buildings.	H	4,381	5,500	6,100	2,000	0	**17,981**
509	CPO - Empty Homes	The budget is to allow the Council to undertake CPO on properties should it be required	S	1,000	0	0	0	0	**1,000**
New Bid	Asset Management of Council Buildings	See scheme 316 above	H	2,619	2,000	2,400	0	0	**7,019**
New Bid	Clean Air School Zones	This budget is for the initial implementation of the clean air school zones initiative	H & E	400	400	400	400	400	**2,000**
New Bid	Commercial Property Remediation	This funding is to ensure that the Council's commercial property is fit for purpose	H & S	2,000	2,000	2,000	2,000	2,000	**10,000**
New Bid	Energy Performance Certificate improvements	This funding is to ensure that the Council's commercial property has the appropriate EPC	H & S	1,000	750	750	500	500	**3,500**
New Bid	Gourley Triangle Construction Budget	This is the budget for the construction costs of the Gourley Triangle scheme	S	4,000	4,575	21,590	29,200	0	**59,365**
New Bid	Expansion of the School Street Programme	See scheme 119 above	H & E	0	400	400	400	400	**1,600**
New Bid	Selby Urban Village	This is the budget for the construction cost of scheme 4010 above	S	5,446	15,000	15,000	10,000	1,236	**46,682**
New Bid	SME Workspace Intensification	This is additional budget to support scheme 4005 above	S	0	4,000	5,000	2,400	0	**11,400**
New Bid	Walking and Cycling Action Plan (WCAP) LTN delivery	This budget is to assist in the delivery of the WCAP	E	1,200	1,200	1,200	1,200	1,200	**6,000**
New Bid	Walking and Cycling Action Plan (WCAP) Strategic cycle route delivery	This budget is to assist in the delivery of the WCAP	E	1,750	1,750	1,750	1,750	1,750	**8,750**
New Bid	Walking and Cycling Action Plan (WCAP) Cycle Parking (Hangers) delivery	This budget is to assist in the delivery of the WCAP	E	200	200	200	200	200	**1,000**
New Bid	Wards Corner Construction Budget	This is the budget for the construction cost of the Wards Corner regeneration scheme	S	0	0	700	1,400	1,200	**3,300**
Placemaking & Housing				**133,622**	**114,281**	**144,265**	**198,676**	**8,886**	**599,730**
330	Civic Centre Works	This scheme is for the Civic centre refurbishment works	S	31,950	14,000	3,750	500	0	**50,200**
602	Corporate IT Board	This budget consists of the following IT programmes: i. Enabling Staff to Support Residents in Need, ii. Automation for Residents, iii. Building A Strategic Data Led Council iv. IT development to support the new ways of working.	H	3,000	500	0	0	0	**3,500**
604	Continuous Improvement	This budget delivers upgrade to the council's IT infrastructure.	H	1,300	1,300	950	662	0	**4,212**

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
607	Financial Management System Replacement	The budget is to fund upgrades to the existing SAP system to enhance functionality	S	1,237	0	0	0	0	**1,237**
624	Digital Together	This budget is to support the Council's digital offer to residents	H	250	0	0	0	0	**250**
653	Capital Support for IT Projects	This budget provides IT support to other schemes in the programme and it's self-funding.	S	450	450	450	144	0	**1,494**
655	CCTV & Data Centre Move	This bid is to realise the technical infrastructure, audio visual and requisite data centres to be created to support our ambitions for our new Civic Centre.	H	2,000	1,700	300	0	0	**4,000**
464	Bruce Castle	The funding it to match fund eternal funding (should there be any) and spend is subject to a successful business case	S	8,500	5,000	5,900	0	0	**19,400**
447	Alexandra Palace - Maintenance	The funding is made up of a regular £470k capital maintenance budget for the upkeep of the palace. In addition there are two projects underway	H	470	470	470	470	0	**1,880**
New Bid	BT Big Switch Off	Due to BT moving from analogue circuits to digital the Council's analogue circuits need to be updated	H	1,000	1,000	0	0	0	**2,000**
New Bid	Corporate Laptop Refresh	This is the continuing refresh of the Council's laptop estate to ensure that they are reliable and up to date	H	400	400	400	400	400	**2,000**
New Bid	ERP - Full Replacement (Investigation Only)	This is for the early investigation of a replacement for the Council's core system, SAP.	H	200	0	0	0	0	**200**
New Bid	M365 Additional Functionality	This scheme updates the Council's Microsoft 365 system, with an emphasis on cyber security	H	800	0	0	0	0	**800**
Culture, Strategy & Engagement				**51,557**	**24,820**	**12,220**	**2,176**	**400**	**91,173**
TOTAL GF CAPITAL PROGRAMME				**289,385**	**196,864**	**207,825**	**232,451**	**15,355**	**941,880**

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New Capital for 2023/24 MTFS Programme

Description of Capital Bids	Area	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.	AHC	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.	AHC	LBH Borrowing	1,500	1,500	0	0	0	**3,000**
Safety Valve Cabinet recently agreed to bid to the Department for Education for safety valve capital funding as part of its dedicated schools grant recovery plan. Should the bid be successful the funds will create additional in borough special educational needs and disability (SEND) provision and alternative provision capacity. This will improve quality and reduce costs.	CYP	External	7,000	0	0	0	0	**7,000**

Description of Capital Bids	Area	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)
<u>BT Big Switch Off</u> BT are changing from analogue to digital 'phone lines. This affects all remote sites with broad band and affects any lines in lifts , auto fire alarms, auto boiler alerts etc. or emergency lines. It will have a major effect for Careline. This bid cover expenses within Digital Service only. The work will require analysis of affected areas which will take some investigation and time. The conclusions from the analysis will mean that investment in replacement equipment will be required. The full extent of cost will not be known until the end of 2022 so the bid may be updated.	CSE	LBH Borrowing	1,000	1,000	0	0	0	**2,000**
<u>Corporate Laptop Refresh</u> All laptops are approaching end of life (EoL) and while extension of warranties will be investigated, real financial impact will be in financial years 2023/24/25. Laptops and other mobile computing and communication devices are vital to the running of the Council operations.	CSE	LBH Borrowing	400	400	400	400	400	**2,000**
<u>ERP - Full Replacement (Investigation Only)</u> This bid is to support investigations into the long term replacement of SAP. This bid is just for funds for 23/24 to start the investigation	CSE	LBH Borrowing	200	0	0	0	0	**200**
<u>M365 Additional Functionality</u> Currently, M365 environment is not backed up. Conversations have started to review this and determine the business requirements for this service but also appreciating that backing up M365 is an NCSC recommendation. Work in progress but likely to add £15-25 user/month. Need for creative purchase for enhanced security - esp. given that revenue resources are not an option for a growth bid to accommodate the required security enhancements. Replacement/evolution of the voice infrastructure including the use of Microsoft Teams for voice.	CSE	LBH Borrowing	800	0	0	0	0	**800**
<u>Active Life in Parks</u> Certain assets are at the end of the lifecycle (e.g. paddling pools) and need urgent investment in 2023/24 if they are to reopen for the summer. Other assets such are outdoor gyms continue to be very popular and in demand at other locations around the borough. This bid is seeking to increase the current allocation of £230,000 by £230,000 in 2023/24 to meet the ongoing investment needs to ensure our residents have an equitable access to public outdoor sports, play and fitness facilities.	E&N	LBH Borrowing	230	0	0	0	230	**460**

Description of Capital Bids	Area	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)
Parkland Walk footbridge replacement works Parkland Walk is London's longest linear nature reserve and is held up by or goes under seven bridges managed by the Parks Service. Many of the bridge structures have been in place for over 140 years and require major refurbishment or replacement. The current programme of investment (as approved by the Council in March 2022) allows for the refurbishment / replacement of most of the remaining bridges. To complete the refurbishment of all the bridges and to resurface the whole length of the walk (4km), a further £2m will be required in 2027/28. The works are required to prevent the collapse / failure of the bridge structures and ensure that the public can continue to enjoy all the benefits of Parkland Walk.	E&N	LBH Borrowing	0	0	0	0	2,000	**2,000**
Parks Asset Management Parks were a key resource for our residents during the pandemic and helped more than ever to support the public's physical and mental health. As part of the preparation of the new draft Parks and Greenspaces Strategy, a draft Parks Asset Management Plan has been developed. For 2023/24, it is proposed that the total allocation towards Parks Asset Management should be £600,000 per annum - an increase of £300k from the original 2021/22 baseline allocation of £300k. This will allow the continuation of asset replacement, over and above attending to the most immediate health and safety issues and critical improvements to infrastructure.	E&N	LBH Borrowing	300	0	0	0	300	**600**
Street Lighting Investment Programme This bid is for the extension of the £1.539m capital provision for investment in the Council's lighting infrastructure in 2026/27 into 2027/28. The current funding level is £1.3m with this lesser figure reflecting the separately funded replacement of street lighting with LED and the provision of a new central management system (CMS) to control each light's performance. By 2026/27, it is expected that a sufficient proportion of LEDs installed in previous years will begin to require replacement, thereby requiring an increase in the current baseline budget (which includes the replacement/upgrade of life-expired lighting columns and other forms of lighting infrastructure)	E&N	LBH Borrowing	0	0	0	0	1,539	**1,539**

Description of Capital Bids	Area	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)
Wolves Lane: Market Garden City The project will create a new high quality flagship growing hub at the Wolves Lane Centre in Wood Green for community food education and distribution, skills and employment opportunities, and better connection with nature for local residents. 400sqm of commercial space and 750sqm of community space will be created across three buildings: a community hub (Building A); classroom and offices (Building B); and Distribution, Storage and Workshop (Building C). Further key outputs include 10 new/ safeguarded jobs, 15 businesses receiving support, 280 volunteers, 4300 local people engaged in the project and the creation of 12,000 sqm of public space. The innovative design approach champions low carbon technologies, construction materials and circular economy principles, thereby creating a pilot for future replicable models of sustainable urban food production and construction. A contribution of £160k leverages an additional £571k of match funding from the National Lottery Community Fund and the GLA's Good Growth Fund, and would ensure the scheme remains viable to deliver in full.	E&N	LBH Borrowing	160	0	0	0	0	**160**
Asset Management of Council Buildings Anticipating a continuing need for basic repairs and maintenance expenditure across the corporate estate, with a requirement to focus greater attention on buildings beyond the corporate centre. The rationale includes: - The existing cashflow is significantly below that expenditure our buildings have required in recent years. This indicates the demand on the estate is likely to continue to be greater than the current profile supports. - Proposed set of asset condition surveys will provide more in-depth survey information, leading to greater clarity about future demand. - An allowance has been made for additional expenditure to accommodate improving EPC ratings to maintain compliance with Minimum Energy Efficiency Regulations, that may not be self-financing or captured in	P&H	LBH Borrowing	2,619	2,000	2,400	0	0	**7,019**

Description of Capital Bids	Area	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)
Clean Air School Zones The Manifesto (Pg 13) sets out the ambition for clean air quality zones outside all schools on major roads alongside an Idling Project. This funding is to bring this forward and to deliver healthier interventions outside schools where a School Street cannot be delivered. E.g. Pavement widening, lesson plans for the school, living walls (pollution screens), school bike racks, idling signage and training for enforcement teams. There are approx. 20 schools that are not suitable for School Streets and / or on major roads. We have budgeted on £80k-£100k for each school (doing 4 a year alongside borough idling)d. Funding could be secured in partnership with public health teams and education. Some works could (but unlikely) be funded through GLA / SCIL / other, other Councils fund through Parking Revenue Account. Expenditure in years 2024/25 onwards are subject to external funding being generated.	P&H	LBH Borrowing & External	400	400	400	400	400	**2,000**
Commercial Property Remediation Following changes as we emerge out of covid - the lifting of restrictions on Commercial property activity; the update to council policies, members manifesto and borough plan, the Property team need to invest in the commercial portfolio to better support Council services. The estate has been under invested in over the previous years, however there is the opportunity, through investing in the retained stock, securing new and divesting in others to deliver greater returns.	P&H	LBH Borrowing & Self Financing borrowing	2,000	2,000	2,000	2,000	2,000	**10,000**
Energy Performance Certificate improvements By April 2023 all (non-housing, as residential is required to achieve the targets earlier) property leased out must achieve and EPC rating of 'E' or better and further enhanced energy ratings by 2027 and 2030 with all properties reaching EPC 'C' by 2027 and 'B' by 2030. The standards will be mandatory with legal penalties (fines up to £150,000) for commercial landlords, if the Regulations are not complied with. The funding from 2024/25 will be on the basis that it is self financing	P&H	LBH Borrowing & Self Financing borrowing	1,000	750	750	500	500	**3,500**

Description of Capital Bids	Area	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)
Gourley Triangle Construction Budget This new capital bid follows the Decision at Cabinet on 8th March 2022 to proceed with acquisition of the remaining 3rd party land interests and masterplan development to tender stage (RIBA Work Stage 3+). The Cabinet Report noted that a capital bid would be submitted as part of the next Medium Term Financial Strategy for the cost of the works element of the development, and that this would be a self-financing bid.	P&H	Self Financing borrowing	4,000	4,575	21,590	29,200	0	**59,365**
Expansion of the School Street Programme Increased School Streets Delivery (to increase budget for School Streets by £400k per year Council Capital) (Manifesto pg 38) The Council's previous School Street scheme was designed to deliver 3 or 4 school streets per year, with an annual budget of £600k. The Manifesto sets out a new ambition of c15 per year. It has been noted that the current costs for each School Street is approximately £80k-100k each, meaning that we can do more within existing budgets. However, we need to increase the budget if we are to deliver c15 per year. Therefore, we will need a new annual budget of £1m per year to deliver the manifesto ambition. We can still include the expectation of external funding from TfL, government, and SCIL but at this time it cannot be guaranteed. Expenditure in years 2024/25 onwards are subject to external funding being generated.	P&H	LBH Borrowing & External	0	400	400	400	400	**1,600**
Selby Urban Village In 2019 the Council entered into a Memorandum of Understanding with the Selby Trust to seek to work together to bring forward development of the Selby Site. Its proximity to the Bull Lane playing field, which is a vacant asset prone to fly-tipping and other abuse, made the area a prime location for investment. In 2019, it was agreed that a single masterplan should be developed for the two sites to ensure that opportunities for the community were maximised. This bid is to increase the existing budget for the scheme	P&H	Self Financing borrowing	5,446	15,000	15,000	10,000	1,236	**46,682**
SME Workspace Intensification This budget supports the delivery of workspace across the borough. The provision of affordable workspace is also an objective and priority in the Manifesto. This bid is to increase the current budget.	P&H	Self Financing borrowing	0	4,000	5,000	2,400	0	**11,400**

Description of Capital Bids	Area	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)
Walking and Cycling Action Plan (WCAP) LTN delivery Haringey Council is committed to delivering the adopted Walking and Cycling Action Plan (WCAP) which is in line with the Councils priorities. The WCAP aim to change how we deliver walking and cycling in the borough. Expenditure in years 2024/25 onwards are subject to external funding being generated.	P&H	External	1,200	1,200	1,200	1,200	1,200	**6,000**
Walking and Cycling Action Plan (WCAP) Strategic cycle route delivery Haringey Council is committed to delivering the adopted Walking and Cycling Action Plan (WCAP) which is in line with the Councils priorities. Expenditure in years 2024/25 onwards are subject to external funding being generated.	P&H	External	1,750	1,750	1,750	1,750	1,750	**8,750**
Walking and Cycling Action Plan (WCAP) Cycle Parking (Hangers) delivery Haringey Council is committed to delivering the adopted Walking and Cycling Action Plan (WCAP) which is in line with the Councils priorities. The WCAP aim to change how we deliver walking and cycling in the borough Expenditure in years 2024/25 onwards are subject to external funding being generated. .	P&H	External	200	200	200	200	200	**1,000**
Wards Corner Construction Budget This is a new bid for a capital scheme following a Decision at the Cabinet meeting of 5th July to terminate the DA with Grainger and acquire property and land interests within the Wards Corner site (including large ownership from Grianger) in order to deliver a new council-led scheme. Cabinet approved a total budget allocation of £24.7m to fund the property and land acquisitions and design/project management fees for an alternative development strategy for the site (RIBA stages 0 - 2). Cabinet was specifically asked to: -Note that a capital bid of c£66m will be submitted for the substantive investment, as part of the next budget setting round. This capital bid (£3.3m) is for a budget to cover project design fees and project management fees to the submission of a planning application (RIBA stage 3) and detailed design (RIBA stage 4) for a new scheme. A further capital bid for the new scheme construction works (c£70m) will be submitted to fund expenditure during the period 27/28 - 30/31.	P&H	Self Financing borrowing	0	0	700	1,400	1,200	**3,300**
			31,405	**35,675**	**62,090**	**56,850**	**15,355**	**201,375**

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MTFS Savings Tracker (2022/23 - 2025/26)

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)**					

MTFS Savings Tracker (2022/23 - 2025/26)

Period: 6

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		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 - Children's Services											
PC2	Reduce operational costs	0	250	**250**	0	(250)	**Amber**	Savings shortfall offsets by over achievement in Invest Save - Edge of Care			
PC3	Reduce the costs of placements	0	90	**90**	90	0	**Green**				
20/25-PE03	Invest to Save - Edge of Care	(223)	193	**(30)**	1,375	1,405	**Green**				
20/25-PE06	Invest to Save - Pause Project	(5)	501	**496**	496	0	**Green**				
20/25-PE08	Invest to Save - Foster Carer Room Extension	55	151	**206**	39	(167)	**Amber**	Savings shortfall offsets by over achievement in Invest Save - Edge of Care			
20/25-PE10	Reducing placement costs through effective management of the market		100	**100**	100	0	**Green**		100	200	
20/25-PE13	Review of spend on transport and taxis		75	**75**	0	(75)	**Amber**	Savings shortfall offsets by over achievement in Invest Save - Edge of Care			
CH102	Maya Angelou Assessment and Contact Centre Traded Service	72	50	**122**	8	(114)	**Amber**	Savings shortfall offsets by over achievement in Invest Save - Edge of Care	0	0	
CH103	Delivering residential mother and baby assessments	83	269	**352**	53	(299)	**Amber**	Savings shortfall offsets by over achievement in Invest Save - Edge of Care	30	30	
Total: Children's Services		**(18)**	**1,679**	**1,661**	**2,161**	**500**			**130**	**230**	**0**

MTFS Savings Tracker (2022/23 - 2025/26)

Period: 6

Red	Saving fully/partially unachievable
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		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**
Directorate:Environment & Neighbourhoods											
PL9	Leisure centre concessions	50	70	**120**	0	(120)	**Red**	The Council is still negotiating the settlement of costs during the two Covid years. Until this is settled, it is not practical to discuss further savings as there is no firm basis to commence from. Events regarding the future provision of the service may overtake the situation. In-year mitigations through vacancy factor - the saving is undeliverable, options are being explored to remedy.	70		
PL13	Parking Transformation Programme	375		**375**	188	(188)	**Amber**	Partial slippage due to timing of CPZ roll-out. Processes of 3 stages (statutory) - consultation, design and implementation - outcome of consultation timing leads to design and implement. Sometimes the public engagement exercise may result in opposing the proposal, and at times did not support the introduction of full time CPZ controls. The service investment plan is reviewed periodically and if necessary new schemes are identified.			
20/25-PL01	Selective Licensing	0	239	**239**	239	0	**Green**	Scheme launch to commence 17th October 2022 which will allow us to open up to early applications for landlords. Part A of fee to be collected for this period up to 17th November 2022. Full fee will be paid by all landlords after 17th November 2022.			
20/25-PL03	CCTV enforcement of weight limits and emissions through ANPR/DVLA check	0	300	**300**	0	(300)	**Red**	Unachievable - higher than expected compliance - three year savings not achieved. Over the last 3 years, these savings have improved - but never achieved the total £642k savings. The estimated base budget pressure is £300k, requiring Moving Traffic mitigation. The savings are undeliverable, options are being explored to remedy.			
20/25-PL06	Contact Centre Efficiencies	0		**0**		0		These savings are based on a reduction of call handling staff. In order to achieve the required channel shift, a new microsite is being developed. Project has been delayed but was finally signed off for build last month. Expecting product to be live by December with initial savings being realised after sufficient channel shift results can be evidenced and staff redundancy consultation period undertaken. Mitigated in-year through base budget by rebate on contractual pension contributions; SPI over-achievement			

MTFS Savings Tracker (2022/23 - 2025/26)

Red	Saving fully/partially unachievable
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Period: 6

		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
20/25-PL07	Mechanisation of High Street Cleansing	0	150	**150**	121	(29)	**Amber**	After extensive investigation and trials, the parameters for these savings were realigned to allow a change of operational strategy rather than reliance on mechanisation. 2x constant presence beats were merged and some main road cleansing operations were reverted to barrow beats rather than coverage by mobile teams. Due to delays in the redundancy process, savings have been realised as of 1 June this year, therefore 5/6ths of annual projected saving. 2x redundant vehicles currently remain on contract awaiting resale/disposal. Saving from April 23 will be at least £325k			
20/25-PL09	Hybrid Mail proposal	77		**77**	48	(29)	**Amber**	Methodology of cross service recharge agreed - review of coverage to be undertaken in consideration of Planning team reprofiled budget			
20/25-PL14	Parking Transformation Programme	476	300	**776**	576	(200)	**Amber**	Unachieved income on diesel and 2nd subsequent vehicle surcharges - lower uptake of permits - due to economic influences (climate), ULEZ, fuel prices. Drivers Impact of Introduction of ULEZ Impact of Council Transport and clean air policy Introduction of Diesel and 2nd Subsequent vehicles MTFS savings not fully realised (noting consultation of F&C process) Cost of living crisis – may impact on vehicle usage/ownership Pressure mitigated by Moving traffic income			
PL20/1	Remodelling of the proposed Selective Licensing Scheme	0	100	**100**	100	0	**Green**	Scheme launch to commence 17th October 2022 which will allow us to open up to early applications for landlords. Part A of fee to be collected for this period up to 17th November 2022. Full fee will be paid by all landlords after 17th November 2022.	-	-	-
PL20/9	Full Cost recovery of services	20	100	**120**	0	(120)	**Red**	Negotiations with THFC to recover all match day cleansing costs are on-goingl. Bespoke match day cleansing operations, relating to expected crowd attendance, ensures Haringey spends the minumum sum each year to maintain acceptable cleansing standards. Currently investigating alternative income/cost avoidance measures to mitigate undeliverable element of savings.. Mitigated in-year through base budget by rebate on contractual pension contributions; SPI over-achievement	70	50	-

MTFS Savings Tracker (2022/23 - 2025/26)

Period: 6

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		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
PL20/14	Commercial Waste	0	30	**30**	45	15	Green	Bad debt provision has been increased but still confident that outturn will be £15k over-achievement	35	35	10
PL20/15	Fleet	0	-	**0**	0	0			50	50	-
PL20/18	Crematorium Lease and Parks Property	0	20	**20**	20	0	Green	achieved	20	20	-
PL20/20	PL12 (Stage 2) Fuel Savings from Electric Vehicles	0	-	**0**	0	0			-	25	-
PL20/22	Visitors Vouchers Pricing Structure change	99	50	**149**	149	0	Green	periodic review of system and corresponding charges	50	50	50
PL20/31	Concessionary Fares	(465)	600	**135**	610	475	Green		(1,800)	-	-
PL20/32	Diesel surcharge - Pay for Parking	0	190	**190**	95	(95)	Amber	Delayed implementation - Parking have a statutory obligation of consultation and have to submit a separate report of cabinet for approval. The timescales of this process may lead to prices changes being implemented later than April, and as such, only part year effect will be achieved. Drivers Covid19 pandemic – change in customer behaviours, shops closed, stay at home, work from home Economic influence - change in customer behaviour less demand for P&D sessions Decline of High streets attracts less customers to High Street Cost of living crisis – may impact on vehicle usage/ownership Pressure will be mitigated by Moving Traffic income	0	0	0
PL20/33	Residents Permits Pricing Structure	0	0	**0**	0	0			(10)	210	0
PL20/34	Change 2 hour restrictions to full day	0	0	**0**	0	0			(40)	270	0
PL20/35	Night Time Enforcement	0	(5)	**(5)**	(5)	0	Green	Recruitment and enforcement commenced - to be monitored - but assumed achievable	0	80	10
PL20/36	Pay for Parking - Introduce a minimum 1 hour purchasable sessions,	0	0	**0**	0	0			(10)	110	0
PL20/38	Moving Traffic PCN - expansion of moving traffic enforcement such as virtual road closures to support LTN	0	-	**0**	0	0			100	360	-
PL20/3	Management of ASB Enforcement & Remodel of ASB & Waste Enforcement and Waste Services	0	100	**100**	100	0	Green		-	-	-
PL20/17	Increase green waste subscriptions	0	15	**15**	0	(15)	Red	Garden waste subscriptions and income are slightly down compared to last year. Underachieved income mitigated with base budget. Mitigated in-year by over-achievement on commercial waste	15	20	20
PL20/26	NSL contract negotiation	0	300	**300**	0	(300)	Red	Contract negotiations failed to achieve a net £300k reduction - efforts are now being refocussed in increasing the income levels to mitigate expenditure pressure.- the saving is undeliverable, options are being explored to remedy. - Mitigation through Moving traffic in-year.	-	-	-

MTFS Savings Tracker (2022/23 - 2025/26)

Period: 6

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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**
PL20/27	Back office services efficiencies.	100	-	**100**	0	(100)	**Red**	Original basis of savings has been deferred. Current on-going review as to what can can delivered. Mitigation through Moving traffic in-year.	-	-	-
PL20/28	Introduce Sunday charges - Car Park Pricing Structure	14	-	**14**	14	0	**Green**		-	-	-
PL20/29	Introduce Sunday charges - Pay for Parking Pricing Structure	32	10	**42**	42	0	**Green**		0	0	0
PL20/30	Targeted recovery of PCNs issued to persistent evaders. Dedicated resources introduced as part of new operational model and PMIS	0	80	**80**	80	0	**Green**		80	80	80
20/25-YC09	Maximising income from filming and venue management	0	3	**3**	3	0	**Green**				
YC104	Highway Searches	18	0	**18**	6	(12)	**Amber**	New income stream dependent on external demand and market conditions. Initial estimates may have been slightly over-optimistic. Vacancy factor mitigation			
Total:Environment & Neighbourhoods		**796**	**2,652**	**3,448**	**2,431**	**(1,018)**			**(1,370)**	**1,360**	**170**

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Placemaking & Housing											
20/25-EC01	Head Lease Acquisition Programme	0	100	**100**	50	(50)	**Amber**	We are expecting to mitigate part of this in the current year with backdated rent review income.	100	100	70
20/25-EC08	Strategic Property Unit – New Income Outdoor Media	(100)		**(100)**	(100)	0	**Green**	This is green as it has been written off - already reported to Cabinet as this cannot be delivered			
20/25-PL08	FM Transformation	(150)		**(150)**	(150)	0	**Green**	This is green as it has been written off - already reported to Cabinet as this cannot be delivered			
EC101	Additional Recharge to Housing Services	0	300	**300**	300	0	**Green**	On target			
EC102	Additional Planning income from introducing new charges	200		**200**	200	0	**Amber**	Being mitigated from additional CIL admin Income			
EC103	Reduction in Energy Consumption on corporate buildings	50		**50**	50	0	**Amber**	With energy proices on the rise it is difficult to mitigate this			
HO101	Housing Team Salaries - increase HRA contribution	274	0	**274**	274	0	**Green**	On target	0	0	0
HO1	Temporary accommodation reduction plan	573	0	**573**	316	(257)	**Red**	Efficiences achieved through delivery of the temporary accommodation supply plan are currently minimising the temporary accommodation budget overspend rather than delivering savings agaainst the budget. We are reviewing our approach to sourcing supply gien a currently very difficult housing market.	0	0	0
20/25-HO01	Transferring PSLs to the CBS	152	272	**424**	0	(424)	**Red**	There is no longer an intention to deliver this initiative.	0	0	0
HO102	HfH taking over the lease of PSL properties on their expiry	209	68	**277**	190	(87)	**Amber**	This years programme will only focus on New Acquisitions and PSL void properties - therefore reducing the expected savings as orginially forecasted savings of £340. Total annual future savings £190k	51	12	0
Total:Placemaking & Housing		**1,208**	**740**	**1,948**	**1,130**	**(818)**			**151**	**112**	**70**

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Culture, Strategy & Engagement											
A6.3	FOBO - SSC		252	252		(252)	Red	Due to increased demand during and post pandemic across R&B and Customer services along with challenges implementing the new Taranto system for parking and Northgate Housing system creating increased demand and further processes, such as the Parking visitor Permits now being alined to each CPZ requiring manual logging , it has not and will not be posssible to achieve the final £252k of the £2.5m already achieved.			
20/25-YC10 - YC1	Additional sites for on street digital advertising & Out of home advertising income generation	26	56	82	82	0	Amber	Comms are projecting they will reach their £370k income target in this budget which includes £56k MTFS saving (and 21/22 shortfall). This does not show in SAP however, because there is a staff post in the budget line which is deducted from the income total. They will be looking to identify additional income opportunities in year with the aim of increasing income to off-set the cost of the post.	6		
YC109	HR Savings		240	240	240	0	Green				
20/25-YC06	Libraries - Re-imaging our Libraries offer for a better future.	184	181	365	0	(365)	Red	The service secured capital to invest in libraries which was then intended to create revenue generation. However, due to the impact of Covid, the capital budget was not able to be drawn down due to lock-down and therefore the work was not taken forward. The impact post-Covid now means that a reassessment of priorities has identified that the original proposals are no longer applicable and there are no further plans to mitigate the shortfall this year. However the projected annual income from the new room hire initiative (£114,700) and from the workspace rental initiative (£20,400) totalling £135,100 will be achieved over 23/24 & 24/25, £109,700 in 23/24 and a further £25,400 in 24/25.			
Total:Culture, Strategy & Engagement		**210**	**729**	**939**	**322**	**(617)**			**6**	**0**	**0**
	Digital Together	660	2,250	2,910	50	(2,860)	Amber	The activity and current projects of the original Digital Together Programme, now known as Think Digital will be absorbed and repositioned into the corporate change agenda Think Haringey First (THF) and savings reprofiled across future years. Savings opportunities are being progressed with the Paperless programme and an RPA pilot within Revenues and Benefits but these will not deliver significant savings in-year.			
		870	**2,979**	**3,849**	**372**	**(3,477)**			**6**	**0**	**0**