

NOTICE OF MEETING

HOUSING, PLANNING AND DEVELOPMENT SCRUTINY PANEL

Thursday, 21st November, 2024, 6.30 pm - George Meehan House,
294 High Road, Wood Green, N22 8JZ (watch the live meeting [here](#),
watch the recording [here](#))

Councillors: Alexandra Worrell (Chair), Tammy Hymas, Dawn Barnes,
Khaled Moyeed, Harrison-Mullane, John Bevan, Isidoros Diakides

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 as noted below).

4. DECLARATIONS OF INTEREST

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

- (i) must disclose the interest at the start of the meeting or when the interest becomes apparent, and
- (ii) may not participate in any discussion or vote on the matter and must withdraw from the meeting room.

A member who discloses at a meeting a disclosable pecuniary interest which is not registered in the 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. SCRUTINY OF THE 2025/26 DRAFT BUDGET AND MEDIUM TERM FINANCIAL STRATEGY 2025/2030 (PAGES 1 - 66)

To consider and make recommendations to Cabinet on the draft budget 2025/26 and the Medium Term Financial Strategy 2025/30.

7. WORK PROGRAMME UPDATE (PAGES 67 - 70)

8. NEW ITEMS OF URGENT BUSINESS

To consider any items admitted at item 3 above.

9. DATES OF FUTURE MEETINGS

6th March 2025

Philip Slawther, Principal Scrutiny Officer
Tel – 020 8489 2957
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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, 13 November 2024

Report for: Housing, Planning & Development Scrutiny Panel, 21 November 2024

Item number: 6

Title: Scrutiny of the 2025/26 Draft Budget and Medium Term Financial Strategy 2025/2030

Report authorised by: Taryn Eves, 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 Draft 2025-26 Budget and 2025-2030 Medium Term Financial Strategy Report proposals relating to the Scrutiny Panels' and Scrutiny Committee remit.

2. Recommendations

- 2.1 That the Panels and Committee scrutinise the proposals presented in the report attached in Appendix 1 and provide recommendations on the Budget proposals to the Overview and Scrutiny Committee (OSC) Committee on 20 January 2025.

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 Draft Budget/MTFS Cabinet paper. 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 20 January 2025 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. 2025/26 Draft Budget and MTFS 2025/30 – Key Messages from report presented to Cabinet on 12/11/2024 (Appendix 1 to this report)

Introduction / Background

- 5.1 The main purpose of this report is to specifically update on the budget preparations for 2025/26 and with a focus on the General Fund. Further updates on the Housing Revenue Account and Dedicated Schools Budget will be presented to Cabinet in December 2024.
- 5.2 It sets out the latest information and based on the most up to date assumptions that underpin the budget and sets out the details of the draft revenue and capital proposals for balancing the budget and Capital Programme for 2025/26. Proposed budget reductions are being launched for consultation and scrutiny. The feedback from the consultation will be considered in developing the final draft budget that will be presented to Cabinet in February 2025.
- 5.3 The last update was published in March 2024 and showed an estimated £14m budget gap for 2025/26. This report describes how the current forecasts have moved and what the key drivers for the revised position are. The most significant movement has been the increase in both demand and costs of providing social care services and addressing homelessness. Acknowledging and providing for this, is vital to enable the Council to continue to provide services to the most vulnerable requiring extra support and help to both manage risk and prevent escalation of need. This has led to an additional £39.6m

needed for next years' service budgets with consequential impact on increasing the budget gap. Extensive modelling has been undertaken to arrive at this figure which represents the current best assumption. This is an extremely volatile landscape that the Council is operating within. These figures will be kept under review right up to the presentation of the final Budget to Cabinet in February 2025.

- 5.4 Whilst there have been improvements to the macroeconomic position such as underlying inflation now close to the target of 2%, this isn't translating into similar reductions in costs in particular social care placement costs for adults and children. The Bank of England base rate fell by 0.25% in August and, while estimates are that this will continue to fall, it is unlikely to be at pace and therefore there is likely to be little improvement in borrowing costs in the short to medium term.
- 5.5 The Autumn Budget took place on 30 October; the Office for Budget Responsibility (OBR) also published its updated economic and fiscal outlook for the next 5 years. The Budget announced £1.3bn new grant funding for local government in 2025/26, £600m of which will be earmarked for social care. While new funding is positive, the distribution methodology is as yet unknown and any additional funding will not meet the significant increase in financial pressures set out in this report.
- 5.6 As highlighted in previous reports, the reserve balances of the authority are unsustainably low and do not provide the capacity to bridge the forecast budget gap.
- 5.7 In summary, despite the work undertaken over the last 6 months, the 2025/26 budget update presented in this report is still not balanced with a remaining budget gap of £32m, even if all the proposals in this report are agreed. Therefore, there is considerable further work to be undertaken between now and 3 March when next year's budget is agreed. This will include lobbying central government for additional funding; looking at additional cost reductions and ensuring value for money is achieved for each pound spent; income generation strategies and wider transformation. Despite these significant challenges, in 2025/26, the Council is expected to still be setting a balanced net budget in March that will result in spending of almost £310m on day-to-day services to our 264,000 residents and which is an increase on the current year.

Key Assumptions

- 5.8 The following summarise the funding assumptions included in the draft 2025/26 Budget report considered by Cabinet on 12 November:
- Government funding for 2025/26 will be in line with that of 2024/25. Due to timing this has not yet been adjusted to reflect the impact of announcements made in the Autumn Budget Statement
 - Main Council Tax will increase by 1.99% and Adult Social Care precept by 3% (total 4.99%) for 2025/26
 - Bank of England base rate remains at or around 5%

- Inflation – assumptions vary according to the contract type and the market in which we are operating (see paragraphs 12.13 – 12.16)
- £39.6m budget built in for additional evidenced budgetary pressures
- No allowance for non-evidenced budgetary growth
- Previously agreed savings for 2025-2029 will be delivered in full, albeit there may be some delay in full delivery (see paragraph 12.24)

Next Steps

- 5.9 The report is clear that that the Council still has at least £32m of budget reductions to identify before a balanced budget for 2025/26 can be approved in March 2025 and this assumes that all the proposed budget reductions set out in this report are agreed following the consultation period. Any reductions not taken forward following consultation will need to be replaced with alternative savings on a £ for £ basis.
- 5.10 All services must continue to identify additional budget reduction proposals. The focus will be on efficiencies and management actions and mitigations to reduce the £39.6m of demand pressures that do not impact on outcomes for residents but with a gap remaining of this size, reductions in service provision cannot be ruled out at this stage.
- 5.11 The next update will be presented to Cabinet on 12 December 2024, which will also include any detailed financial implications for Haringey from the Budget Statement on 30 October if more becomes known when the Policy Statement is published by Government in November.

Financial Position for 2026/27 Onwards

- 5.12 The report is clear that the focus of this report has been on preparations for the 2025/26 budget but a review of the assumptions across the next five years has also been undertaken.
- 5.13 Financial planning across the medium term is more difficult for the reasons set out in the report but the latest position shows that assuming a balanced budget is set for 2025/26, there will remain an estimated cumulative budget gap of £132.8m by 2029/30.
- 5.14 Budget planning for these future years will need to commence shortly. This will continue to identify efficiencies across all services, and this will be an integral part of the annual financial planning process because the Council will need to continue to demonstrate that every £ spent is offering the best value for money. The transformational changes that are also needed take longer to identify and implement and will focus around the areas set out in paragraphs 14.8 – 14.10 of the report.

Capital Programme Update (Section 15)

- 5.15 Given the Council's challenging financial position, over the summer the existing capital programme has been reviewed to ensure that the schemes within it continue to contribute to the Corporate Delivery Plan and are essential. As a

result of this exercise, there are a number of schemes that are proposed for removing from the existing programme and these are summarised in Table 7 and set out in detail in Appendix 3.

- 5.16 Each year, there will also be a need for new capital investment and for 2025/26 this has been limited to only essential spending required for health and safety, maintenance and maintaining essential services and largely relates to the maintenance of the Council's highways infrastructure, operation and commercial estate. Capital investment can provide opportunities to delivery revenue savings or additional income and for 2025/26, it is proposed to invest in the Council's digital technology which will improve the efficiency across a range of services as well as improve the customer experience. Full details are set out in Appendix 3.

Risk Management (Section 18)

- 5.17 The report outlines the known risks and uncertainties in paragraphs 18.6 – 18.17 and provides details of current estimates and assumptions on corporate contingency and reserves.
- 5.18 Paragraphs 18.19 and 18.20 emphasise that Council reserve balances remain unsustainably low.

Report Appendices (1, 2, 3)

- 5.19 Appendix 1 summarises the additional budget proposed to be added to 2025/26 to address evidenced forecast pressures. These sums are over and above the £10.4m already assumed from last year's financial planning process for service pressures.
- 5.20 Appendix 2 – summarises new proposed savings and management actions for 2025/26 and beyond.
- 5.21 Appendix 3 – summarises the proposed changes to the Capital Programme 2025/26-2029/30

6 Further Useful Background Material

- 6.1 **Document A** is an aide memoire to assist with the scrutiny of budget proposals including possible key lines of enquiry. 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 **Document B** 3 lists the previously agreed MTFs savings relevant to each Panel/Committee and details progress of delivery as at Q1 23/24.
- 6.3 The Finance Update report presented to Cabinet in September can be accessed [Here](#). It provides the forecast outturn position as at Quarter One.
- 6.4 The Council's 2024/25 Budget Book provides details of service budgets for the current year. It can be accessed [Here](#).

7 Contribution to strategic outcomes

7.1 The Budget Scrutiny process for 2024/25 will contribute to strategic outcomes relating to all Council priorities.

8.0 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

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

9.3 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

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

9.5 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.

9.6 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.

9.7 Further equalities comments are provided in Appendix 1.

10. Use of Appendices and Other Appended Documents

Appendix 1 – 2025/26 Draft Budget and MTFs 2025/30 Report (12 November 2024 Cabinet) + 3 Appendices

Document A – Key lines of enquiry for budget setting

Document B – Previously agreed savings 2024/25 – 2028/29 per O&S Panel/Cttee

11. Local Government (Access to Information) Act 1985

None.

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Report for: Cabinet 12 November 2024

Title: Draft 2025-26 Budget and 2025-2030 Medium Term Financial Strategy Report

Report authorised by : Taryn Eves, 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. The main purpose of this report is to specifically update on the budget preparations for 2025/26 and with a focus on the General Fund. Further updates on the Housing Revenue Account and Dedicated Schools Budget will be presented to Cabinet in December 2024.
- 1.2. It sets out the latest information and based on the most up to date assumptions that underpin the budget and sets out the details of the draft revenue and capital proposals for balancing the budget and Capital Programme for 2025/26. Proposed budget reductions are being launched for consultation and scrutiny. The feedback from the consultation will be considered in developing the final draft budget that will be presented to Cabinet in February 2025.
- 1.3. The last update was published in March 2024 and showed an estimated £14m budget gap for 2025/26. This report describes how the current forecasts have moved and what the key drivers for the revised position are. The most significant movement has been the increase in both demand and costs of providing social care services and addressing homelessness. Acknowledging and providing for this, is vital to enable the Council to continue to provide services to the most vulnerable requiring extra support and help to both manage risk and prevent escalation of need. This has led to an additional £39.6m needed for next years' service budgets with consequential impact on increasing the budget gap. Extensive modelling has been undertaken to arrive at this figure which represents the current best assumption. This is an extremely volatile landscape that the Council is operating within. These figures will be kept under review right up to the presentation of the final Budget to Cabinet in February 2025.

- 1.4. Whilst there have been improvements to the macroeconomic position such as underlying inflation now close to the target of 2%, this isn't translating into similar reductions in costs in particular social care placement costs for adults and children. The Bank of England base rate fell by 0.25% in August and, while estimates are that this will continue to fall, it is unlikely to be at pace and therefore there is likely to be little improvement in borrowing costs in the short to medium term.
- 1.5. The Autumn Budget took place on 30 October; the Office for Budget Responsibility (OBR) also published its updated economic and fiscal outlook for the next 5 years. The Budget announced £1.3bn new grant funding for local government in 2025/26, £600m of which will be earmarked for social care. While new funding is positive, the distribution methodology is as yet unknown and any additional funding will not meet the significant increase in financial pressures set out in this report.
- 1.6. As highlighted over, the reserve balances of the authority are unsustainably low and do not provide the capacity to bridge the forecast budget gap.
- 1.7. In summary, despite the work undertaken over the last 6 months, the 2025/26 budget update presented in this report is still not balanced with a remaining budget gap of £32m, even if all the proposals in this report are agreed. Therefore, there is considerable further work to be undertaken between now and 3 March when next year's budget is agreed. This will include lobbying central government for additional funding; looking at additional cost reductions and ensuring value for money is achieved for each pound spent; income generation strategies and wider transformation. Despite these significant challenges, in 2025/26, the Council is expected to still be setting a balanced net budget in March that will result in spending of almost £310m on day-to-day services to our 264,000 residents and which is an increase on the current year.

2. Cabinet Member Introduction

- 2.1 Our driving ambition in Haringey is to create a fairer and greener borough where everyone can belong and thrive.
- 2.2 We will always set local priorities that are fair, put the interests of working people first and protect those most in need – and we will work in collaboration with our residents and communities to do so.
- 2.3 Our budget puts funding behind local priorities. We will build hundreds of new council homes, help hundreds of people into work, fix hundreds of roads and pavements, plant hundreds of street trees – among many other key actions to make this borough fairer and greener.
- 2.4 We all know that this year's council budget comes at a time of crisis. We've had more than a decade of government austerity. Public investment in this country has fallen well behind the rest of Europe. Many public services are

struggling. The cost of local services – especially social care and social housing – has gone through the roof.

- 2.5 Just this year, the cost of temporary accommodation is up 68% across London. The cost of adult's social care in Haringey is up 10%. At the same time, Haringey's core government funding is £143m a year less in real terms than it was in 2010.
- 2.6 Haringey provides temporary accommodation to just under 3,000 residents and social care to 3,780 adults – and the need is rising.
- 2.7 Like most London councils – and many more around the country – we are under real pressure. We've set out hard budget decisions here to balance the books this year. There will be more to come before the financial year is out. Whatever we do though, we will make sure our choices are fair – that they prioritise the people in Haringey who need support most.
- 2.8 We know that we need fair funding reform for the long-term. Budgets for local services need to be driven by local need. At the moment they are skewed by outdated funding rules. Those need to change – and we will work with our fellow boroughs to press for that change.
- 2.9 The national picture is beginning to improve. The new government's commitment to end fiscal austerity, rebuild public services and expand public investment are what we need to turn the economy and the country around.
- 2.10 We welcome the additional funding that the new government announced in the national budget on 30th October 2024 and look forward to a fair funding settlement in the future. We will continue to make a strong case to the new government for the resources that we need to fix the fourteen years of underfunding that local services have faced.
- 2.11 There are very real challenges at the moment, but there's also a real opportunity to reset the foundations – locally and nationally. This year and in future years our council budget will start with local priorities, focus on the needs of working people and build towards our shared ambition of a fairer and greener borough.

3. Recommendations

- 3.1 It is recommended that Cabinet:
 - a) Note the Council's current financial position as set out in this report which sets the foundations for the full draft budget for 2025/26 that will be presented to Cabinet in February 2025.
 - b) Note the budget pressures that have been identified for 2025/26 and across the medium term as set out in Section 12 and Appendix 1.

- c) Note the draft revenue savings proposals summarised in Section 12 and Appendix 2.
- d) Note the proposed changes to the General Fund Capital Programme for 2025/26 to 2029/30 as set out in Section 15 and Appendix 3.
- e) Agree to commence consultation on the 2025/26 Budget and MTFS 2029/30 revenue and capital proposals. This includes with residents, partners and business and with Scrutiny Panels between November 2024 and January 2025 as set out in Section 19.
- f) Note that the final draft General Fund Revenue Budget, Capital Programme, HRA 2025/26 Budget and Business Plan and Treasury Management Strategy Statement will be presented to Cabinet on 11 February 2025 to be recommended for approval to the Full Council meeting taking place on 3 March 2025.
- g) Delegate the final decision on whether or not to participate in the 8 Authority borough business rates pool from 1 April 2025 to the Director of Finance following consultation with the Lead Member for Finance and Local Investment as set out in Section 10.7.

4. Reasons for decision

- 4.1 The Council has a statutory obligation to set a balanced budget for 2025/26 and this report forms a key part of the budget setting process by setting out the forecast funding and expenditure for 2025/26 at this point and options for setting a balanced budget. 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. The final budget for 2025/26, Council Tax levels, Capital Programme, Treasury Management Strategy, Housing Revenue Account (HRA) budget and Business Plan will be presented to Cabinet in February 2025 for recommending to Full Council on 3 March 2025.

5. Alternative options considered

- 5.1 The Cabinet must consider how to deliver a balanced 2025/26 Budget and sustainable MTFS over the five-year period 2025/30, to be reviewed and adopted at the meeting of Full Council on 3 March 2025.
- 5.2 The Council has developed the proposals contained in this report in light of its current 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, interest rates, household incomes and, in some service areas, the legacy of the Covid-19 pandemic. It is this appraisal that has led to these options being presented in this report. These will be reviewed and, where necessary, updated in advance of the final Budget report being presented.

- 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.

6 Medium Term Financial Strategy (MTFS)

- 6.1 Although the statutory local authority budget setting process continues to be on an annual basis, a longer-term perspective is essential if local authorities are to demonstrate a clear understanding of their financial sustainability. Short-termism is counter to both sound financial management and governance.
- 6.2 The Medium-Term Financial Strategy (MTFS) provides the financial framework for the delivery of the Council's aims, ambitions, and strategic priorities as set out in the Corporate Delivery Plan (CDP). The aim of the MTFS is to:
- Plan the Council's finances over the next five years, taking account of both the local and national context.
 - Provide the financial framework for the delivery of the Council's priorities and ensure that these priorities drive the financial strategy - allocating limited financial resources whilst also continuing to support residents.
 - Manage and mitigate future budget risks by forward planning and retaining reserves at appropriate levels.
- 6.3 The greater the uncertainty over future central government policy and financial support, the more important it is to demonstrate a collective understanding of the best estimates of financial pressures, opportunities and funding over a longer timeframe, acknowledging financial pressures and risks.
- 6.4 In developing the medium to long term financial strategy, the authority must test the sensitivity of its forecasts, using scenario planning for the key drivers of costs, service demands and resources.
- 6.5 The MTFS must be developed in alignment with the stated objectives and vision and Corporate Delivery Plan and needs to be reviewed regularly to test that delivery of the agreed outputs and outcomes are still achievable. Where this is not the case, plans will need to be reassessed and re-set.
- 6.6 In future years, the expectation is the Council's Medium Term Financial Strategy will be published in July as the key document to set the foundations for the budget setting process for the forthcoming year.

7 Borough Vision and Corporate Delivery Plan

7.1 On 15 October 2024, [Haringey's Borough Vision](#) was published with 'Making Haringey a place where everyone can belong and thrive is at the heart of a new shared vision for the borough'. The aim of the vision is to galvanise the actions not just of the council but also of partners, residents and businesses behind a set of common objectives. Haringey 2035 identifies the six key areas for collaborative action over the next decade:

- Safe and affordable housing
- Thriving places
- Supporting children and young people's experiences and skills
- Feeling safe and being safe
- Tackling inequalities in health and wellbeing
- Supporting greener choices

7.2 This builds on the Haringey Deal which sets out the council's commitment to developing a different relationship with residents, alongside the Corporate Delivery Plan (CDP) which sets out the organisational priorities every two years.

7.3 The most recent CDP was approved by Cabinet in July 2024 and can be found here - [The Corporate Delivery Plan 2024-2026 \(haringey.gov.uk\)](#). it outlines the strategic objectives, priorities, and initiatives aimed at creating a fairer, greener borough. The plan is set out in eight separate themes:

- Resident experience and enabling success
- Responding to the climate emergency
- Children and young people
- Adults, health and welfare
- Homes for the future
- Safer Haringey
- Culturally rich borough
- Place and economy.

7.4 The Haringey Deal is 'how' we do things. The Council is changing the way it works. This starts with foundational principles of Knowing Our Communities and Getting the Basics Right. Across all services the Council is striving to build stronger relationships with residents and hear more from those often overlooked; build on the borough's incredible strengths, and work in partnership to solve challenges. Key Metrics for each theme have been set to determine if activities are having the intended effect and are reported to Cabinet and the Overview and Scrutiny Committee every six months.

7.5 The Budget and MTFs process is the way in which we seek to allocate financial resources in order to support the delivery of this plan alongside analysing and responding to changes in demand, costs and external factors.

8 National Financial Context

8.1 The new Government was elected on 4 July and on Monday 29 July the Chancellor delivered a statement to the House of Commons on immediate public spending pressures facing the government.

8.2 The key points from this statement which impact on Local Government were:

- The results of an audit of public spending undertaken by HM Treasury which revealed £22bn unfunded commitments from the previous Government; immediate action to find savings in response, and long-term reforms to restore public spending control and improve public services.
- The date of the next Budget was confirmed as Wednesday 30 October 2024 and formally commissioned an Office for Budget Responsibility (OBR) forecast for this date.
- The launch of the next Spending Review which will settle the multi-year Spending Review will not be published until spring 2025.
- Acceptance of the recommendations of the independent Pay Review Bodies for public sector workers' pay.
- The publication of next steps and draft legislation on priority tax commitments ahead of the full announcement and costing at the Budget on 30 October.

8.3 The in-year savings proposed by Government included the introduction of means testing for winter fuel payments. Future year savings include cancellation of the proposed adult social care charging reforms. Both decisions impact the Local Government sector although the actual financial impact for Haringey cannot be quantified at this point.

8.4 The Chancellor also accepted the independent Pay Review Body recommendations and confirmed pay uplifts averaging 5.5% for public sector workers. Although Local Government pay is managed through a different process, agreement at this level in the wider public sector could impact on the outcome of 2025/26 pay award in the local authority sector.

8.5 It was confirmed that moving forward, Spending Reviews will be set every two years to cover a three-year period, with a one-year overlap with the previous Spending Review. This is a positive announcement for the local government sector and if delivered as announced, 2025/26 will be the last one-year finance settlement and subsequently announcements will move back to multi-year funding settlements providing greater certainty and stability. There was also a commitment to a single major fiscal event once a year.

- 8.6 Representations to HM Treasury ahead of the Autumn Budget statement were requested. London Councils led on a London-Wide response to this which can be found <https://www.londoncouncils.gov.uk/news-and-press-releases/2024/london-councils-budget-representation-2024#:~:text=Councils%20in%20the%20capital%20and%20across%20the%20UK%20have%20a>

Autumn Statement – Key Messages

- 8.7 The Chancellor of the Exchequer delivered the 2024 Autumn Budget on 30 October. With this budget Government has announced the aim to prioritise growth and put public services back on track, with a boost for housing investment and additional funding for social care and homelessness. The Office for Budget Responsibility (OBR) also published its updated economic and fiscal outlook.
- 8.8 The key headlines for London Local government include:
- Core Spending Power will increase by an estimated 3.2% in real terms in 2025/26. This includes £1.3bn of new grant funding – with £600m earmarked for social care, and £700m for general services.
 - Additional funding of £233m for homelessness prevention in 2025/26.
 - The distribution of both will not be known until the provisional Local Government Finance Settlement in December 2024.
 - An increase of £1bn for SEND and alternative provision in 2025/26 which will be added to the Dedicated Schools Grant High Needs Block allocation.
 - The Small business rates multiplier will be frozen and retail, hospitality and leisure (RHL) businesses will receive a 40% business rates relief in 2025/26. Councils will be compensated for the loss of business rates income.
 - Business rates will be reformed from 2026/27 to include lower multipliers for high-street RHL businesses, funded by increases for properties valued over £0.5m.
 - The Affordable Homes Programme will increase by £500m in 2025/26.
 - Right-to-buy discounts will be reduced by government, and local authorities will be able to retain 100% of the receipts from right-to-buy purchases.

- Government will consult on a new long-term social housing rent settlement of CPI+1% for 5 years as well as the option on further potential measures such as a 10-year settlement.
- Employer National Insurance Contributions will increase by 1.2% in 2025/26 – although for public sector, including local government the increase for direct employees is expected to be compensated.
- There was no explicit mention of Council Tax principles in the Budget however it has been indicated that for 2025/26 these would remain at 2.99% main rate and 2% Adult Social Care (ASC) precept. This is in line with current financial assumptions.
- The most relevant economic figures for the Council are inflation rates are forecast at 2.6% for 2025/26 and Interest rates are expected to fall from 5.0% to 3.5% in the final year of the forecast, 2029/30.
- Government has recognised the pressures local authorities face and have stated they will have a framework in place to support those in most difficulty. The Government has also committed to pursuing reforms to return the sector to a sustainable position, which includes allocating funding through the Local Government Finance Settlement. Further details will be set out through an upcoming local government finance policy statement to be published mid / late November.

9. Haringey Context

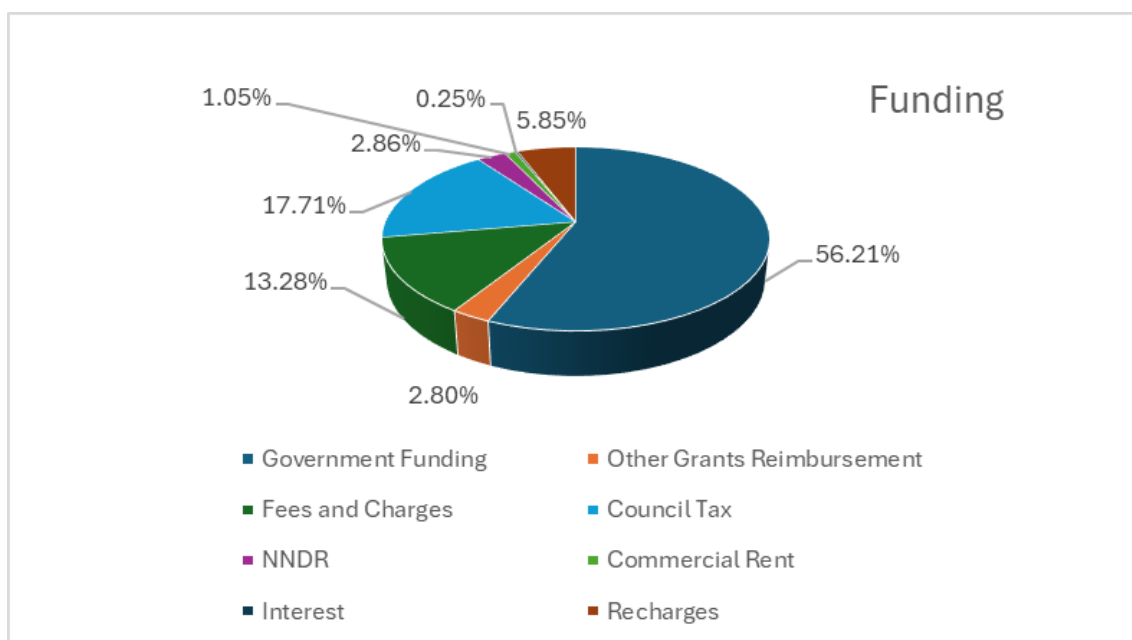
- 9.1 Haringey is an outer London borough – receiving outer London levels of funding but which exhibits many inner London characteristics including levels of deprivation, high housing costs and urban density. Unlike many other London boroughs, it also continues to have a growing population – with the number of over 65s 24% higher in 2024 than it was in 2010.
- 9.2 The core grant funding available from government for Haringey to deliver services and meet the needs of residents is around £143m less in real terms than it was in 2010/11.
- 9.3 Haringey's local population has been hit hard by the Covid pandemic and the cost of living crisis.
- 9.4 The most recently reported data shows that 22.5% of residents aged 16 to 65 were claiming Universal Credit in Haringey in Aug 2024 - over 42,000 people. 8.1% of residents aged 16+ were claiming unemployment-related benefits in Haringey in August 2024 - over 15,000 people, one of the highest figures of the last 3 years and is the third highest in the UK. One in five households have an active mortgage so may be impacted by the continuing high interest rates.

9.5 For schools, falling rolls in primary classes are adding additional pressures on stretched budgets particularly as grant income is linked to pupil numbers. Even where numbers have been relatively stable, cost inflation on key items such as utilities and building maintenance, continues to provide challenges and increasing numbers of local schools are now carrying budget deficits.

10 Revenue Budget – Income

10.1 With a statutory requirement to set a balanced budget each year, the Council’s spending power is determined by its income levels. The Council’s main funding sources are set out in Chart 1 and includes Government Grant, Council Tax and Business Rates, fees and charges and rental income and other partner contributions, such as from health.

Chart 1: 2024/25 Gross Income



Government Funding

10.2 Core Spending Power is used by the Government as a measure of resources available to local authorities to fund service delivery and is a combination of Government funding and Council Tax.

10.3 The provisional local government finance settlement which includes details of the level of Government funding is published in December of each year, followed by final settlements published in the February.

10.4 Financial Plans assume that Government funding for 2025/26 will be in line with that of 2024/25. However, the Autumn Budget announced £1.3bn new grant funding for local government in 2025/26, £600m of which will be earmarked for social care. While any new funding is positive, the distribution methodology is not yet known and any benefit may be offset by the impact of

increased employer NI on key service providers. A Policy document is expected to be published late November which should provide more clarity although detailed allocations will not be fully clear until the Provisional Local Government Finance settlement is published in mid/late December. Any additional funding will not meet the significant increase in financial pressures set out in this report.

- 10.5 Over and above the grants published in the Local Government Finance Settlement, there are a number of service specific grants which are included in individual service budgets. Financial Plans for 2025/26 also currently assume that these service specific grants continue at the same level as in 2024/25, but announcements are awaited of a number of grants where funding is at risk of stopping in 2025/26. In line with our budget principles, any reductions in Government Grant must result in an equivalent reduction in spend. Through the Autumn Statement, Government has announced £1bn to extend both the Household Support Fund and Discretionary Housing Payments (DHPs) and £69m to continue delivery of a network of Family Hubs.

Business Rates

- 10.6 Business rates are set nationally. The valuation of business premises is set by the Valuation Office and Government sets the multiplier which determines the pence per pound paid in tax. The Council is currently a 'top up' authority which means that it does not generate sufficient business rates income to meet the needs of residents in the borough and therefore receive a top up amount on baseline business rates funding. Each year, the business rates baseline funding is increased in line with inflation as of September which has now been published as 1.7%. With an OBR forecast inflation of 2.6% in 2025/26 just announced, any potential increase in business rates baseline funding is yet to be confirmed.
- 10.7 In 2024/25, Haringey is part of an eight borough Business Rates Pool with other London boroughs which is expected to generate a financial benefit of £2m. An expression of interest has been submitted by the Director of Finance to continue to participate in the 8-borough pool in 2025/26. Intentions of other participating authorities is not yet known and confirmation of the pool for 2025/26 will not be confirmed until the final Local Government Finance Settlement is published in February 2025.
- 10.8 The longer-term approach to business rates is under review by the Government and whether this can provide a long-term sustainable approach for funding Local Government.

Council Tax

- 10.9 Income collected through Council Tax is determined by the level of the tax and the council tax base.

- 10.10 Financial Plans currently assume that the council tax base will increase by an average of 1% in 2025/26 to reflect the Council's ambitious housebuilding programme and takes into account the number of households receiving Council Tax reduction and other discounts. The average Council Tax band is expected to remain as Band C – the average across London is a Band D.
- 10.11 The Council Tax referendum threshold is unlikely to be known until the Provisional Local Government Finance Settlement is published in December 2024. For planning purposes, it is assumed that the Council will be able to increase the tax by up to 2% for the Adult Social Care precept and up to 3% main Council Tax in 2025/26. Any final Council Tax increases are part of the budget setting process and agreed by Full Council each March. Through this report the financial position is presented as two scenarios – a 1.99% Council Tax increase and 4.99% increase. Each 1% increase in Council Tax generates approximately an additional £1.3m in income.

Fees and Charges

- 10.12 Income from fees and charges (including rents from commercial and operational properties) is around 13.3% of the Council's income. Many of these are set by Government but there are many which the Council has discretion over the level.
- 10.13 Each year, all fees and charges are subject to review. This review process is currently underway, and proposed changes will be approved by Cabinet in December. Every 1% increase in fees and charges equates to approximately £1.03m of additional income.

11 Revenue Expenditure

- 11.1 Spending patterns are volatile and each year there are new pressures. Medium term financial planning and the budget for 2025/26 aims to review both existing pressures and understand new pressures emerging to enable a budget to be set that is robust and achievable. The starting position is a review of the financial position in the previous and current financial years.

2023/24 Budget Outturn

- 11.2 The 2023/24 provisional General Fund outturn was an overspend of £19.2m and required a significant, unbudgeted drawdown from reserve balances. The report to Cabinet in July 2024 made clear that it was expected that a number of the service overspends would continue into 2024/25 notably in adult and children's social care and temporary accommodation. These unbudgeted spends were driven not just by demand and complexity of need but more notably due to the market conditions resulting in prices being significantly above underlying inflation. The lack of supply for temporary accommodation and placements for children with significant need exacerbated this position.

2024/25 Budget Position

- 11.3 Last year's 2024/25 budget preparation process had undertaken analysis to derive realistic estimates of service demands and cost of service provision across all services. However, by Quarter 1, similar to other authorities, demand and price pressures were beyond their estimates and an overspend of £20m is forecast for 2024/25, of which £14.5m (71%) is driven by adult social care and Housing demand and £4.2m relates to Children and Family services. A copy of the full report to Cabinet is here [Q1 Finance Update Cabinet](#).

12 Approach to 2025/26 Financial Planning

- 12.1 Work began on a structured budget planning process for setting the 2025/26 budget early in the 2024/25 financial year. This process consists of the Council's leadership team working together to collectively understand the budget position and what is driving the spend, share information across directorates and develop a number of cross - directorate and directorate specific savings proposals to address the financial challenge.

Pressures

- 12.2 The existing MTFs published in March 2024 provided for £10.4m of service pressures but as set out in the paragraphs above, demand and costs are running well above this provision. Benchmarking has been used to provide the most up to date evidence and insight in the light of the pressures in the current financial year and any which will continue into future years. This has used population projections; inflation estimates and any other known factors. In order to set a balanced budget, all known financial pressures must be funded.
- 12.3 The estimated pressures are based on a series of assumptions with the best-known information at the current time. Many of these assumptions will carry risk and uncertainty and therefore for demand led services, such as social care and housing, scenario planning is undertaken to identify a best case and worst-case scenario before a judgement is made and forms the basis for estimating future service pressures.
- 12.4 This process has identified that in addition to the £10.4m known in March, an additional budget provision of £39.6m will be required for 2025/26 and £75.2m over the next five years as set out in Table 1 and Appendix 1. This significant increase since the last update in March 2024 is not new but the more robust financial modelling and forecasting that has been undertaken over the summer has identified pressures which are expected to continue into future years, as well as more realistic assumptions around inflationary impacts on the price of some services. One off funding through the use of reserves and other balances previously used to manage these pressures are now exhausted.

- 12.5 As expected, 80% of the new forecast budget pressures for next year relate to Adults and Children's social care and housing demand. A further 9% is associated with Housing Benefit.
- 12.6 Considered together with the £10.4m of pressures included in the March 2024 update, this means that in 2025/26, almost £25m will need to be built into the Adult Social Care budget, £11.5m into the housing demand budget and £6.5m into the Children and Families budget.
- 12.7 The estimated additional budget requirement for adult social care in 2025/26 is £25m - £9.3m identified at the last update in March 2024 and an additional £15.1m as set out in Table 1. This represents an increase in numbers supported and an average inflationary increase of 3.5%. This inflation assumption includes some risk given that in the current year, prices have increased by an average of 6.5%. The number of older people with a long-term care package is expected to increase from 1,782 in April 2024 to 2,000 on average during 2025/26. Almost 60% of the adult social care budget is spent on younger adults and numbers are assumed to increase from 1,664 with a long-term care package to 1,800, which includes 25 young people who will transition from children's services.
- 12.8 In 2025/26, it is assumed that £11.5m additional budget will be required for housing demand - £750,000 identified at the last update in March 2024 and the additional £10.8m as set out in Table 1. Compared to 2023/24, numbers have increased by an average of 8% in the current year and a further increase of 6% is forecast for 2025/26. However, it is largely the price of bed and breakfast and nightly paid accommodation that is driving this pressure and a 10% increase has been assumed for 2025/26 which is reflective of current market conditions.
- 12.9 Within Children and Family services, an additional £6.5m is expected to be needed - £660,000 identified at the last update in March 2024 and the additional £5.9m as set out in Table 1. The number of children in our care has reduced and over the last 6 months at around 64 per 10,000 (in line with statistical neighbours) - a reduction of around 100 children since 2018. However, the service continues to see an upward trend of children with more and more complex needs, needing more complex support packages and this is evidenced by the rise in the number of children with Deprivation of Liberty Orders (DOLs) where the cost of the care package can average over £10,000 per week. For these reasons we are forecasting a small rise of these very expensive placements over the next three years. An inflationary uplift of 3.5% has been assumed for 2025/26. This accounts for £3m of the additional budget requirement.

- 12.10 In line with the trend across the country, the number of children with Education, Health and Social Care Plans continues to increase and in 2025/26, the Council is expecting to have 3,200 active care plans in place. Although the cost of the support is funded through the Dedicated Schools Grant, there are a number of associated costs, such as home to school transport and educational psychologist support that falls to the General Fund. An additional £2.7m is expected to be needed in 2025/26.
- 12.11 The pressure highlighted in Environment and Resident Experience relates to challenges around management of housing benefits particularly supported exempt accommodation and the transition to Universal Credit. The pressure is forecast as one-off, with management actions expected to remove the pressure across the MTFS period.
- 12.12 All assumptions will remain under review over the next few months as new information emerges and the budget for 2025/26 can be set on the most up to date, realistic and reliable estimates of service pressures.

Table 1 – Additional Forecast Service Pressures 2025/26 (over and above £10.4m assumed in March 2024).

Pressures						
Directorate	2025/26	2026/27	2027/28	2028/29	2029/30	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Children's Services	5,858	2,816	2,172	1,772	1,680	14,298
Adult Social Services	15,160	930	7,210	7,200	6,920	37,420
Housing Demand	10,797	3,000	2,000	2,000	1,000	18,797
Environment and Resident Experience	3,500	(1,000)	0	(2,000)	0	500
Culture Strategy and Engagement	619	77	23	23	23	765
Finance Procurement and Audit	0	0	0	0	0	0
Placemaking and Housing	3,700	0	0	0	0	3,700
Cross Cutting Reductions	0	0	0	0	0	0
Total	39,634	5,823	11,405	8,995	9,623	75,480

- 12.13 Although the latest reported CPI inflation rate of 1.7% (September) appears to have stabilised close to the Government target of 2%, many of the Council's suppliers are charging above these rates. This is particularly notable in the care services and temporary accommodation where prices are also being driven upwards by lack of supply. Forecasting the impact on 2025/26 budget figures is challenging as it needs to also encompass the

forecasts for changes in client numbers, complexity of care needs and changes to how key partners operate of align their budgets.

- 12.14 The latest forecasts have been used as a basis for the estimates for next year included in this budget update. These estimates have been based on average 3.5% inflation for the care services and 10% for housing demand contracts. It is highly likely that these forecasts will need to be amended before the final 2025/26 Budget is presented in February 2025 and may lead to increases to budget requirement.
- 12.15 The 2024/25 pay award has now been settled – a flat rate of £1,491 for all those on NJC Terms and Conditions and 2.5% for all other grades from 1 April 2024. The Government's acceptance of the independent Pay Review Body recommendations which translated into pay uplifts averaging 5.5% for public sector workers means there is a risk that the Local Government sector will be pressing for similar levels of increase in future years. Financial Plans assume a 3% increase for 2025/26.
- 12.16 Assumptions around the inflationary impact for key council contracts including waste, highways maintenance and utilities have been refreshed and changes reflected in the draft figures presented in this report. Many of these contract increases are pegged to September inflation rates so little further movement is expected on these estimates. However, for utilities, the position is much more volatile and estimates for these budgets are expected to need to increase ahead of the final Budget presented in February. Financial Plans currently assume a 5% increase on utility contracts.
- 12.17 The Bank of England base interest rate was reduced by 0.5% in August. Forecasts vary over the speed of any further reductions and decisions could be influenced by the market response to the Budget statement on 30 October. A prudent assumption has been made at this point which assumes the rate will remain at or around 5% across the 2025/26 financial year. This makes it even more important to generate savings to the capital programme that require council borrowing.
- 12.18 All other key corporate budgets have been reviewed. Concessionary Fare forecasts for 2025/26 are largely in line with the current MTFs however there looks to be significant step up from 2026/27 as passenger numbers return from the Covid pandemic dip. The North London Waste Levy (NLWA) is the most significant levy, but it is currently too early to update current assumptions with any certainty. An update on all levies is expected before the end of December 2024.
- 12.19 The Council has a Treasury Management Strategy Statement (TMSS) that sets out in detail the Council's approach to managing its cash flows, borrowing and investment activity, and the associated risks. 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 set out in the approved TMSS, whilst short term liquidity requirements can be met by short term borrowing from other local authorities. The TMSS for 2025/26 will be considered by Audit Committee in January 2025 for recommendation for approval by Full Council in March 2025. The TMSS will also be considered by Overview and Scrutiny Committee in January as part of the budget scrutiny process and in accordance with the CIPFA Treasury Management Code of Practice.

Budget Reductions

- 12.20 Given the increase in pressures highlighted above, the budget gap for 2025/26 increases from £14m forecast in March 2024 to £51.4m before any mitigations. The Council must significantly reduce its expenditure in the current year, for next year and across the medium term if it is to meet the future financial challenge.
- 12.21 In the current year, all services are reviewing non essential spend to bring down the forecast overspend of £20m and updates will be included in the 2024/25 quarterly monitoring reports. At the same time, proposals for reducing spend and increasing income for 2025/26 have been considered.
- 12.22 Directorates were tasked initially with a number of key tasks across all revenue and capital budgets including:
- Benchmarking against other councils who are providing key services at lower costs;
 - Consider as to how services could be delivered within a smaller envelope; what would need to change; how services would be impacted.
- 12.23 In total £18.8m of proposed reductions have been identified. These are a combination of proposed savings and management actions. Savings are defined as those which could have an impact on service delivery and management actions are more focussed around internal inefficiencies which do not impact on outcomes for residents and will be delivered by generating increased income, introducing efficiencies to existing processes to release resource or redesign of how services are currently delivered.
- 12.24 Proposed reductions are summarised in Table 2,3 and 4 below and set out in full in Appendix 2 including any expected impact on current service delivery, equality impact or consultation requirements.

Table 2 – Proposed Savings 2025/26 to 2029/30

Savings						
Directorate	2025/26 £000s	2026/27 £000s	2027/28 £000s	2028/29 £000s	2029/30 £000s	Total
Children's Services	(25)	0	0	0	0	(25)
Adult Social Services	(651)	(979)	(335)	(450)	0	(2415)
Housing Demand	(412)	0	0	0	0	(412)
Environment and Resident Experience	(1,200)	(200)	0	0	0	(1,400)
Culture Strategy and Engagement	(460)	(2,000)	(2,100)	(125)	0	(4,685)
Finance Procurement and Audit	0	0	0	0	0	0
Placemaking and Housing	0	0	0	0	0	0
Cross Cutting Wide Reductions	0	0	0	0	0	0
Total	(2,748)	(3,179)	(2,435)	(575)	0	(8,937)

Table 3 – Proposed Management Actions 2025/26 to 2029/30

Management Action						
Directorate	2025/26 £000s	2026/27 £000s	2027/28 £000s	2028/29 £000s	2029/30 £000s	Total
Children's Services	0	0	0	0	0	0
Adult Social Services	0	0	0	0	0	0
Housing Demand	0	0	0	0	0	0
Environment and Resident Experience	(2,614)	0	0	0	0	(2,614)
Culture Strategy and Engagement	(26)	0	0	0	0	(26)
Finance Procurement and Audit	0	(32)	0	0	0	(32)
Placemaking and Housing	0	0	0	0	0	0
Cross Cutting Wide Reductions	(13,410)	(4,450)	(3,800)	0	0	(21,660)
Total	(16,050)	(4,482)	(3,800)	0	0	(24,332)

Table 4 – Total proposed savings and management actions 2025/26 to 2029/30

Total (Savings and Management Actions)						
Directorate	2025/26 £000s	2026/27 £000s	2027/28 £000s	2028/29 £000s	2029/30 £000s	Total
Children's Services	(25)	0	0	0	0	(25)
Adult Social Services	(651)	(979)	(335)	(450)	0	(2,415)
Housing Demand	(412)	0	0	0	0	(1,112)
Environment and Resident Experience	(3,814)	(200)	0	0	0	(4,014)
Culture Strategy and Engagement	(486)	(2,000)	(2,100)	(125)	0	(4,711)
Finance Procurement and Audit	0	(32)	0	0	0	(32)
Placemaking and Housing	0	0	0	0	0	0
Cross Cutting Wide Reductions	(13,410)	(4,450)	(3,800)	0	0	(21,660)
Total	(18,798)	(7,661)	(6,235)	(575)	0	(33,269)

12.24 The above proposed reductions are on top of previously agreed proposals and the current assumption is that the £8.6m of savings approved in March 2024 for the year 2025/26 and £19.1m across 2025/26 to 2028/29 will be delivered in full, albeit there may be some delay in full delivery. This assumption will be tested ahead of the February report and alternative savings will need to be identified for any which are now non-deliverable.

13 Updated 2025/26 Financial Position

13.1 Table 5 shows the budget gap still remaining after corporate budget adjustments, updates to funding assumptions, recognition of forecast service pressures and application of all new savings and management actions.

13.2 The review of the corporate budgets has identified £1.3m of additional budget will be required in 2025/26. This is a combination of a change in the funding arrangements of spend previously funded by the Dedicated Schools Grant but which will now be funded by the General Fund, historic unfunded pension costs and an increased provision for the funding of redundancy costs that are likely to result from the 5% reduction in staffing that is proposed.

- 13.3 At this point work is still being undertaken to understand the impact of the September CPI figure and also analysis of potential to continue to participate in the 8 Authority Pool next year. An update will be provided in the next report to Cabinet in December 2024.

Table 5 – Forecast Budget Gap 2025/26

	2025/26 £'000
Budget Gap (as at March 2024)	13,999
Review of Corporate Budget assumptions	1,342
Additional income from 4.99% Council Tax increase	(4,059)
Additional forecast service pressures	39,634
New savings and Management Actions	(18,798)
Revised Gap (as at November 2024)	32,100

- 13.4 This means that the Council still has at least £32m of budget reductions to identify before a balanced budget for 2025/26 can be approved in March 2025 and this assumes that all the proposed budget reductions set out in this report are agreed following the consultation period. Any reductions not taken forward following consultation will need to be replaced with alternative savings on a £ for £ basis.
- 13.5 All services must continue to identify additional budget reduction proposals. The focus will be on efficiencies and management actions and mitigations to reduce the £39.6m of demand pressures that do not impact on outcomes for residents but with a gap remaining of this size, reductions in service provision cannot be ruled out at this stage.
- 13.6 The next update will be presented to Cabinet on 12 December 2024, which will also include any detailed financial implications for Haringey from the Budget Statement on 30 October if more becomes known when the Policy Statement is published by Government in November.

14 Financial Position for 2026/27 Onwards

- 14.1 The focus of this report has been on preparations for the 2025/26 budget but a review of the assumptions across the next five years has also been undertaken.
- 14.2 Financial planning across the medium term is more difficult for the reasons set out in the report but the latest position shows that assuming a balanced budget is set for 2025/26, there will remain an estimated cumulative budget gap of £132.8m by 2029/30.
- 14.3 The key drivers of this cumulative budget gap are the estimated year on year increasing costs of providing demand led services; estimated inflationary provisions; corporate pressures such as capital financing costs and North London Waste Authority levy increases. Finally, an increase in the corporate contingency to provide against known risks in respect of both expenditure and income.
- 14.4 This forecast gap is based on the best estimates at this stage and includes:
- Government funding remains in line with 2024/25 allocations.
 - Service demand pressures of £38.4m (2026/27-2029/30).
 - Pay and price inflation of 2%.
 - Interest rate of borrowing costs of 5%.
 - Council Tax base increase of 1% and Council Tax level increase of 1.99%.
 - Delivery of £10.5m of savings for 2026/27 to 2028/29 that have been previously approved.
 - Corporate Contingency remains at £10m.
- 14.5 Over the course of the MTFs, these estimated pressures are reduced by previously agreed / proposed savings. These estimated pressures and savings are summarised in Table 6.

Table 6 - Budget Gap 2026/27 to 2029/30

Type	2026/27	2027/28	2028/29	2029/30
	£'000	£'000	£'000	£'000
Pressures	46,865	40,832	32,600	36,907
Agreed Saving's	(2,848)	(3,292)	(3,022)	0
Proposed Saving's	(8,677)	(6,440)	(125)	0
Cumulative Total	35,340	66,440	95,893	132,800

14.6 Like 2025/26, the number of people requiring Council support is expected to continue to increase over the next five years. Addressing a budget gap of this scale will require a more fundamental review of Council services to determine which and how services are provided rather than the more traditional salami slicing across all budgets. In the future, not everything may be affordable, and the Council's limited financial resources will need to continue to be prioritised to the most vulnerable and ensure all spend is aligned to the priorities as set out in the Borough Vision and Corporate Delivery Plan. This may mean spending more in some areas of greater need and priority and more significant reductions in other areas.

14.7 Budget planning for these future years will need to commence shortly. This will continue to identify efficiencies across all services, and this will be an integral part of the annual financial planning process because the Council will need to continue to demonstrate that every £ spent is offering the best value for money. The transformational changes that are also needed take longer to identify and implement and will focus around the following areas.

Prevention and Early Intervention.

14.8 Reducing the high expected demand for social care and housing services expected over the medium term, it is critical that the Council has a greater focus on prevention and early intervention. There is evidence that supporting people at an earlier stage leads to better outcomes for the individuals as well as reducing costs to the Council.

Commercialisation and Income Generation.

14.9 Increasing income provides an opportunity to protect the Council's spending on priority services and contributes to closing the budget gap. An annual review of fees and charges to reflect full cost recovery will be undertaken and will include an improvement in internal processes to ensure income due can be collected as well as making it easier for residents, businesses and visitors to make payment through increased use of technology and digital channels. However, commercialisation is more than just fees and charges. This will focus on how the Council can generate additional revenue through greater utilisation of its assets and services, through partnership and shared working across the public and the private sector, maximising opportunities for external funding and considering alternative arrangements for protecting service delivery such as shared services.

Commissioning and Procurement

14.10 The budget proposals put forward in this report are expected to deliver £6m of reductions across services over the next three years as a result of improved commissioning and procurement arrangements. On average 55% of the Council's day to day spend is with external organisations, including the

voluntary and community sector. Improvements continue to ensure there is a comprehensive contracts register in place. Over the next few months, work will be undertaken to analyse this register, identify contracts that are due for re-tender over the next three years and opportunities to be more ambitious in the spending reductions that can be achieved. This will include joint commissioning across services where opportunities arise.

15 Capital Programme Update

- 15.1 The current capital programme was agreed in March 2024, and both spend and delivery continues to be monitored quarterly and reported to Cabinet. The latest update is the Quarter 1 report and forecasts the Council is expected to spend £120m in 2024/25 and £584m over the next five years, investing in schools, highways and transport, the environment and housing as well as maintenance of the commercial and operational estate.
- 15.2 Like most authorities, this capital investment requires a level of borrowing for which borrowing costs need to be funded through the Council's revenue budget, allowing for the interest on the borrowing and the repaying the debt (known as the minimum revenue provision). The current programme in 2024/25 assumes that 55% is funded through borrowing and the revenue budget includes £17.4m of borrowing costs.
- 15.3 With interest rates remaining high in the short term at least, it is essential that levels of borrowing are kept to a minimum. It is estimated that for every £1m of capital expenditure that is through borrowing the Council has to budget £72,000 per annum to pay the interest and repay the debt.
- 15.4 The Council will continue to identify external funding that can be utilised to fund the capital programme to reduce the need for borrowing, including grants and other contributions such as Section 106, CIL and the contributions parking income can make to eligible spend within the programme on essential maintenance to roads and other transport schemes across the borough.
- 15.5 The Council is currently reviewing its Capital Strategy, and this will be published as part of the 2025/26 suite of budget reports in February 2025. This strategy will set out the approach for determining the Council's capital investment ambitions and will be informed by the Council's Asset Management Strategy which details service asset needs to deliver the priorities set out in the Corporate Delivery Plan. The strategy will also include the outcome of the review of governance which is currently underway to ensure the capital programme agreed each year is deliverable and affordable and there is a clear framework in place for tracking progress and adopting a forward planning approach with an aspiration to focus on a ten-year planning period.

- 15.6 Given the Council's challenging financial position, over the summer the existing capital programme has been reviewed to ensure that the schemes within it continue to contribute to the Corporate Delivery Plan and are essential. As a result of this exercise, there are a number of schemes that are proposed for removing from the existing programme and these are summarised in Table 7 and set out in detail in Appendix 3.
- 15.7 Each year, there will also be a need for new capital investment and for 2025/26 this has been limited to only essential spending required for health and safety, maintenance and maintaining essential services and largely relates to the maintenance of the Council's highways infrastructure, operation and commercial estate. Capital investment can provide opportunities to delivery revenue savings or additional income and for 2025/26, it is proposed to invest in the Council's digital technology which will improve the efficiency across a range of services as well as improve the customer experience. Full details are set out in Appendix 3.

Table 7 – Proposed changes to the Capital Programme 2025/26 to 2028/29

Directorate	Existing Budget (£'000)	Reductions (£'000)	Increases (£'000)	Revised Budget (£'000)	Movement	
					(£'000)	%
Adults, Health & Communities	62,184	(47,188)	5,000	19,997	(42,188)	(68%)
Children's Services	59,728	0	0	59,728	0	0%
Culture, Strategy & Engagement	105,490	(1,540)	2,965	116,915	11,425	11%
Environment & Resident Experience	154,825	(69,047)	34,651	120,429	(34,396)	(22%)
Placemaking & Housing	344,713	(19,742)	13,247	338,218	(6,495)	(2%)
Corporate Contingency			10,000			
	726,941	(137,517)	65,863	655,287	(71,654)	(10%)

- 15.8 The proposed schemes to be removed from programme includes the Tottenham Hale and Wood Green Decentralised Energy Networks (DEN). These schemes are currently funded through a combination of Government grant (£12.3m), Government Loans (£13.3m), Strategic CIL (£3.2m) and Council borrowing (£44.6m). Given the Council's current financial position, the current Council led delivery model is no longer viable. Discussions are underway with Department of Energy Security and Net Zero (DESNZ) on the future scope of these schemes to eliminate the financial dependency on the Council whilst still supporting the Government's emerging policy on Heat Zoning. This scheme will therefore be removed from the programme at this stage. Any future council funded capital requirement will be considered as part of future annual reviews of the Capital Programme and affordability will need to be considered alongside all other Council priorities for future capital investment.

- 15.9 Given the more unpredictable nature of capital spending plans, the delivery plans and the profile of spend over the capital programme period will all be subject to review over the next few months and will determine the level of borrowing required both in 2025/26 and over the five year MTF5 period.
- 15.10 Only schemes which are sufficiently developed, have approved outline business cases and have been subject to internal governance and decision making processes will be included in the capital programme going forward and will be presented as either 'in delivery' or 'planned delivery' over the five year capital programme period. All other schemes will be held in the 'pipeline' and reviewed as part of the review of the capital programme each year.
- 15.11 There are significant levels of salary capitalisation within the capital programme to deliver the schemes. As the capital programme reduces there is a risk that the level of capitalised salaries will be unachievable, creating a pressure on revenue.
- 15.12 To manage a level of uncertainty with schemes, including inflation and other essential repairs, maintenance or health and safety requirements, it is proposed to increase the capital programme contingency by £5m in 2025/26 and 2026/27.
- 15.13 The proposed schemes for removing and adding to the capital programme set out in Appendix 3 will be subject to the same consultation process as the revenue proposals. The full updated draft capital programme will be published in February 2025 as part of the suite of budget reports for recommendation for approval at full Council on 3 March 2025 and will take into account any feedback received.

16 HRA Update

- 16.1 This update on Financial Plans is primarily focussed on the Council's General Fund. A separate process is underway for reviewing the Housing Revenue Account (HRA) 30 year Business Plan and developing the draft revenue budget and capital programme for 2025/26. This will be presented to the Housing, Planning and Development Scrutiny Panel before being presented to Cabinet in February and for recommending to Council for approval on 3 March 2025.
- 16.2 The financial position of the HRA remains very challenging, particularly in the short term whilst the Council's new build programme and investment into existing stock is underway which longer term will increase the supply of permanent housing across the borough. Therefore, the work continues to identify efficiencies and opportunities to delay borrowing for the HRA capital programme to improve the position over the next two to three years.

17 DSG Update

- 17.1 For schools, the indicative 2025/26 Dedicated Schools Budget (DSB) funding, which is ring fenced for the delivery of education services, is not yet known. Funding for 2024/25 totals £230m. In July 2024 the Education and Skills Funding Agency (ESFA) reported that due to the timing of the general election they were not in a position to publish indicative schools and high needs national funding formula (NFF) allocations for 2025/26.
- 17.2 The actual grant level for schools is dependent on updated pupil census numbers and the final schools finance settlement for 2025/26 is expected in December 2024 and to include allocations of the additional £1bn that was announced by Government for SEND and alternative provision as part of the budget on 30 October.
- 17.3 In March 2023, Haringey was successful in joining the Department for Education (DfE) Safety Valve Programme, which targets local authorities with the highest DSG deficits to identify transformation plans to bring spend more in line with agreed budgets over the short to medium term, in return for support to deal with historic deficits. Pressures are predominately in the high needs block with progress against agreed plans being monitored through quarterly finance update reports.
- 17.4 The draft DSG budget will be included in the report to Cabinet in February 2025 and will be in line with the expectations of the Safety Valve programme where the successful delivery of the programme will result in funding being released by DfE to support the reduction of the deficit and bringing the High Needs Block into balance by 2027/28.

18 Risk Management

- 18.1 The Council has a risk management strategy in place and operates a risk management framework that aids decision making in pursuit of the organisation's strategic objectives, protects the Council's reputation and other assets and is compliant with statutory and regulatory obligations.
- 18.2 The Council recognises that there will be risks and uncertainties involved in delivering its objectives and priorities, but by managing them and making the most of opportunities it can maximise the potential that the desired outcomes can be delivered within its limited resources more effectively.
- 18.3 There is a need to plan for uncertainty as the future is unknown when formulating the budget. This is achieved by focussing on scenario planning which allows the Council to think in advance and identify drivers, review scenarios and define the issues using the most recent data and insight.

- 18.4 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 February 2025 and will draw on independent assessments of the Council's financial resilience where available. It is critical that this report outlines the number and breadth of potential risks and uncertainties the council faces when arriving at the budget proposals.
- 18.5 Risks and uncertainties currently known are set out in the following paragraphs.

Government Funding and Legislation

- 18.6 There will be a one-year funding settlement for 2025/26 and a multiyear review to begin and conclude by Spring 2025. Thereafter, Spending Reviews are expected to be published every 2 years, with a 3-year outlook. The level of Government funding available for Local Authorities and for Haringey is therefore still not known. The current working assumption is that any new Government funding for 2025/26 will be insufficient which is significant challenge given the current volatile economic situation and with demand increasing across many services, most notably social care and temporary accommodation.
- 18.7 It remains unclear if planned reforms and changes in legislation of the previous Government will be pursued by the new Government or if there will be new legislation that increases the responsibilities of Local Authorities. This includes the long-awaited fair funding review and business rates reform and reforms in social care and housing. Financial Plans currently assume that any changes in legislation and additional requirements will be fully funded but this is a risk to the current financial position.

Inspection and Regulation

- 18.8 Local Authorities are subject to increasing inspection and regulation, including by Ofsted, CQC and the Regulator of Social Housing as well as additional requirements that have emerged from the Grenfell Inquiry report. All of these could have financial implications for the Council which are not yet known.

Economic Conditions

- 18.9 The Office for Budget Responsibility published the latest forecast for inflation and interest rates on 30 October 2024. Inflation has reduced compared to the last couple of years, but the OBR forecast is still 2.6% for 2025/26 and will not return to 2% until 2029. It should also be noted that national inflation figures are not always reflected in cost of services, such as social care so there remain a risk that the forecast additional budget assumed in this report for pay and price is not sufficient. Volatility is likely to continue for some time

from the on-going impact of wars and unrest internationally which will impact on the Council's cost of services and supply chains.

- 18.10 The high cost of living continues to impact on many of our residents which results in more requiring support from the Council, particularly with housing support. A project is underway to review the early intervention and prevention support across the Council for those residents most at risk of facing financial hardship.

Estimate of Pressures for 2025/26

- 18.11 The update in this report uses the best known information for demand and other service pressures in 2025/26 and has been based on the outturn position in 2023/24 and the latest in year monitoring position. There is a risk that the in year monitoring position could worsen when the quarter 2 report is published with further overspends continuing into 2025/26. In addition, the 2023/24 accounts are currently subject to External Audit and therefore the outturn position for last year remains provisional until the process is complete.
- 18.12 The £39.6m identified in Table 1 is based on a series of assumptions that will continue to be reviewed over next few months and therefore the position for 2025/26 is subject to change. All services are considering actions and mitigations that continue to support the needs of our most vulnerable but in a more cost effective way to reduce these future pressures. However, small scale changes in these areas are not going to be sufficient and will require more fundamental changes in how we deliver these services and with a focus on prevention and early intervention which will take time to have an impact. Sufficient pace is needed to make these changes. Short term solutions are still needed for the 2025/26 budget to be sustainable.
- 18.13 There are also some budget increases that will not be known until later in the year, such as the increase of levy payments. Financial Plans currently assume minimal increase.

Identifying and Delivery of Budget Reductions

- 18.14 As set out in this report, a significant budget gap for 2025/26 remains and work is continuing to identify additional savings and actions to mitigate the significant additional budget required to meet demand pressures. The focus will be on identifying efficiencies that improve processes and no impact on outcomes for residents but there is a risk that these will not be sufficient and some service reductions may be required for a balanced budget to be set.
- 18.15 The financial position and budget gaps set out in this report assume that all savings in 2024/25, previously approved savings and any new savings for 2025/26 when the budget is approved in March 2025 are delivered in full. In

advance of the full draft budget being presented to Cabinet in February 2025, all assumed savings will need to have full delivery plans in place that provide assurance on delivery.

Changes in Accounting Practice

- 18.16 The Dedicated Schools Grant (DSG) currently has a statutory override which allows the Council to separate DSG deficits from local authority reserves which is in place until March 2026. Funding arrangements are not known after 2026 and there is a risk that this deficit will fall to the Council to fund from its own reserves. The Safety Valve programme is delivering well to reduce the spend on the high needs block and is in line with the agreed timetable but at the same time the Council continues to see increases in the number of children with Education Health and Social Care Plans over and above what had been assumed when agreeing the programme with the DfE. The Council's low level of reserves will make it particularly challenging if the funding of the DSG deficit falls to the Council after 2026 and work will continue with the DfE to find a longer-term solution to funding for schools and high needs.
- 18.17 To recognise the financial impact of risks facing the Council and manage this uncertainty it is vital that adequate reserve levels are maintained and the budget each year includes a level of contingency. The current level of reserves is lower than the Council would want, and the aim is to increase levels over the course of the MTFs and where there is an unplanned drawdown of reserves they will need to be replenished.

Reserves and Contingency

- 18.18 The Councils corporate contingency budget for 2025/26 will be set at £10m, an increase of £3m from the previous year. The General Fund reserve will be maintained at £15m, with other reserves totalling £52.3m in March 2024.
- 18.19 Based on known commitments this year, the forecast balance for March 2025 on reserves is £43.5m as shown in Table 8 below. This assumes no further drawdown in 2024/25 to fund the current overspend which is a significant risk. A number of the reserves are committed or not available and therefore the General Fund balance of £15.1m and the £3.3m of reserves is a more realistic assumption of what is available to use to manage risks and uncertainties. This represents only 5.4% of the net budget which is an unsustainable level and given the current in year overspend forecast for 2024/25.
- 18.20 Therefore, any use of reserves to balance the budget next year is not a viable option and across the medium term there will need to be a planned replenishment of reserves to a more sustainable level. Replenishment means making an annual contribution to reserves included in the budget agreed in March each year. Given the significant budget gap that remains for 2025/26, any replenishment will commence from the 2026/27 budget.

- 18.21 A full five-year review on reserve balances and a five-year forecast will be included in the Budget report to Cabinet in February 2025.

Table 8: Reserves for 2024/25 and 2025/26

	Actual March 2024 £'000	March 2025 Forecast £'000
General Fund Reserve	15,140	15,140
Risks and Uncertainties		
Transformation Reserve	5,037	3,073
Labour market resilience reserve	230	230
Budget Planning reserve	5,096	0
Collection Fund	1,231	0
Total Risk and Uncertainties	11,594	3,303
Contracts and Commitments		
Services Reserve	11,747	11,707
Unspent grants reserve	12,706	12,302
PFI lifecycle reserve	5,533	5,533
Debt Repayment Reserve	1,072	1,072
Insurance Reserve	7,234	7,234
Schools Reserve	2,400	2,400
Total Contracts and Commitments	40,692	40,248
Grand Total	52,286	43,551

19 Consultation and Scrutiny

- 19.1 The Council, as part of the process by which it sets its budget, seeks the views and opinions of residents and businesses on the draft budget and the proposals within it.
- 19.2 This consultation and engagement exercise will begin following the Call In period and will conclude on 2nd January 2025. The results will be shared with Cabinet so they can be taken into consideration in the setting of the final budget and the implementation of budget decisions.

- 19.3 There needs to be considerable further work undertaken between now and the issue of the Budget report in February 2025 to present a balanced Budget to be agreed.
- 19.4 Therefore, while this year's Budget consultation and engagement process will include budget proposals described in this report, it must be recognised that there will be significant additional proposals required to balance the budget, after the Budget consultation document has been issued but before the consultation closes. The consultation will focus on proposals which most directly impact residents and will allow responders to share how they believe they will be impacted and also any ideas they have for ways the council might bridge the budget gap.
- 19.5 Statutory consultation with businesses and engagement with partners will also take place during this period and any feedback will be considered and, where agreed, incorporated into the final February 2025 report.
- 19.6 Additionally, the Council's budget proposals will be subject to a rigorous scrutiny review process which will be undertaken by the Scrutiny Panels and Overview and Scrutiny Committee from November to January. The Overview and Scrutiny Committee will then meet in January 2025 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 2025.
- 19.7 Finally, the consultation when published will be clear in the report which proposals it is anticipated would be subject to further, specific consultation as they move towards implementation.

20 Contribution to the Corporate Delivery Plan 2024-2026 High level Strategic outcomes

- 20.1 The Council's draft Budget aligns to and provides the financial means to support the delivery of the Corporate Delivery Plan outcomes.

21 Carbon and Climate Change

- 21.1 There are no direct carbon and climate change implications arising from the report.

22 Statutory Officers comments (Director of Finance, Head of Procurement, Assistant Director of Legal and Governance, Equalities)

Finance

- 22.1 The financial planning process ensures that the Council's finances align to the delivery of the Council's priorities as set out in the Borough Vision and Corporate Delivery Plan. 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.

- 22.2 Ensuring the robustness of the Council's 2025/26 budget and its MTFS 2024/25 – 2028/29 is a key function for the Council's Section 151 Officer (CFO). 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 contained throughout the report.
- 22.3 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 2025.
- 22.4 The removal of the DEN projects from the capital programme and the pivot to an alternative solution may trigger a clawback of grant spent to date. Officers are discussing the change of strategy with the relevant government department to minimise the risk of clawback.

Procurement

- 22.5 Strategic Procurement have been consulted in the preparation of this report and will continue to work with services to enable cost reductions. Strategic Procurement note the recommendations in section 3 of this report do not require a procurement related decision.

Assistant Director of Legal & Governance

- 22.6 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.
- 22.7 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.
- 22.8 The report proposes new savings proposals for the financial year 2025/26, which the council will be required to consult upon and ensure that it complies with the public sector equality duty.

Equality

- 22.9 The Council has a public sector equality duty under the Equality Act (2010) to have due regard 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.
- 22.10 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.
- 22.11 Although it is not enforced in legislation as a protected characteristic, Haringey Council treats socioeconomic status as a local protected characteristic.
- 22.12 This report details the draft budget proposals for 2025/26 and MTFS to 2029/30, including budget adjustments and capital proposals.
- 22.13 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 2025/26 Budget and MTFS. The decision is recommended to comply with the statutory requirement to set a balanced budget for 2025/26 and to ensure the Council's finances on a medium-term basis are secured through the four-year Medium-Term Financial Strategy.
- 22.14 Existing inequalities have widened in the borough in recent years because of the COVID-19 pandemic, national economic challenges, and persistently high inflation, with adverse impacts experienced by protected groups across many health and socioeconomic outcomes. Due to high inflation in the last two years, many residents are finding themselves less well off financially and more are experiencing, or on the periphery of, financial hardship and absolute poverty. Greater socioeconomic challenge in the borough drives demand for the Council's services, which is reflected in the impacts on spend for adult social care, children's services and temporary accommodation detailed elsewhere in this report.
- 22.15 A focus on tackling inequality underpins the Council's priorities and is reflected in the current Corporate Delivery Plan. Despite the significant financial challenge outlined in this report, the Council is committed to ensuring resources are prioritised to meet equality aims.
- 22.16 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 2025.
- 22.17 Savings proposals identified between the publication of this report and the final package of proposals identified in February 2025 will undergo an equalities screening process to identify where negative impacts on protected

groups may arise. Where such potential impacts are identified, a full Equalities Impact Assessment will take place to understand the impacts in full and describe the actions 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.

- 22.18 Initial Equality Impact Assessments for relevant savings proposals will be published in February 2025 and reflect feedback regarding potential equality impacts gathered during the consultation, where proposals are included. 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. Final EQIAs will be published alongside decisions on specific proposals. Where there are existing proposals on which decisions have already been taken, existing Equalities Impacts Assessments will be signposted.

23 Use of Appendices

- Appendix 1 Forecast Budget Pressures 2025/26
- Appendix 2 Summary of new proposed savings and management actions
- Appendix 3 Summary of proposed changes to the Capital Programme
2025/26 to 2029/30

24 Background papers

None

2025/26 Forecast Budget Pressures

Appendix 1

Directorate	Service	Description	2025/26 Forecast Pressure (£'000)
Culture, Strategy and Engagement	Digital Services	Additional essential IT and digital costs to protect against cyber security and licensing costs,	545
Culture, Strategy and Engagement	Human Resources	Additional cost of Disclosure and Barring Service checks and reduction in the income budget to reflect lower levels of income from schools than expected.	74
Placemaking and Housing	Assets – operational estate	The increase budget will address the current overspend in running costs of the Council’s operational estate, including repairs and maintenance, utility costs and business rates.	2,200
Placemaking and Housing	Strategic Asset Management	The Strategic Asset Management Team are currently funded through one off funding that is due to end in March 2025 and therefore ongoing funding of the team means alternative funding is required in the base budget. A further review of resource requirements of the team will be undertaken in 2025/26.	1,500
Children and Family Services	Education Psychology Service (EPS)	Loss in funding through the reclassification of the High Needs Block funding (HNB). The HNB can no longer be used to support EPS statutory Service and there is a need for an increase in staff numbers to meet increase in demand.	860
Children and Family Services	Education, Health and Social Care Plans	Loss in High Need Block Funding as HNB can no longer contribute towards a Statutory Assessment Team and there is a need for an increase in staff numbers to meet increase in assessments.	475
Children and Family Services	Home to School Transport	Increase in the number of children requiring home to school transport and increase in the price of transport.	1,439
Children and Family Services	Children’s Social Care	Increase in the number and cost of high-cost placements to support looked after children and those requiring Council’s support.	3,085
Environment and Resident Experience	Housing Benefit	Increase in the budget for bad debts provision for housing benefit claims and review of those in receipt of housing benefit in supported accommodation.	3,500

Directorate	Service	Description	2025/26 Forecast Pressure (£'000)
Adults, Health and Communities	Housing Demand	<p>Due to market challenges and increased demand, the cost of temporary accommodation is increasing.</p> <p>Overall cost projections take into account; the predicted number of households accessing temporary accommodation, the landlord charges and amounts recoverable, any predicted rise in charges, the expected movement out of temporary accommodation based of historic performance trends and any specific schemes and initiatives that provide additionality either in movement or reduced unit cost (our mitigations). These are predominantly new social housing supply and new council temporary accommodation. We are under a statutory obligation to provide temporary accommodation until alternative settle accommodation is secured.</p>	10,797
Adults, Health and Communities	Adult Social Care	<p>Adult Social Care faces a number of challenges which affect total numbers in the population who may have eligible needs. Demography, multiple health conditions, including lifelong conditions, age of individuals and other socio-economic factors, where the increase in numbers with a long-term care package accounts for approximately 50% of the pressure. Whilst the increase in cost can be explained in part by price increases in an increasingly challenged provider market, there is significant evidence to account for the increase in cost that is as a result of increasingly poor health conditions among older adults and the impact of those transitioning from children's services, where the impact of the rise in EHCP is having an impact on adults, this results in more complex care packages where eligibility for funded health care will not offset the overall increase.</p>	15,160
	Total		39,635

2025/26 PROPOSED SAVINGS

Cross Council - Savings

Panel	Description	Cabinet Member	Budget impacted (£'000)	2025/26 Savings proposed (£'000)	2026/27 Savings proposed (£'000)	2027/28 Savings proposed (£'000)	2028/29 Savings proposed (£'000)
The main Overview and Scrutiny	<u>Enabling Services Review</u> <i>This proposal will review staff who provide enabling services support to the organisation to develop new delivery models that will reduce duplication across services and ensure efficient support to all frontline services across the organisation.</i>	All	160,000	(1,000)	(1,000)	(500)	-
The main Overview and Scrutiny	<u>Procurement and Contract Management</u> <i>This project will be delivered as two workstreams. Workstream 1 will review all existing contracts to ensure value for money. Workstream 2 will put in place increased governance to ensure that for all new contracts all commissioning options have been considered, outcomes for residents offer value for money and are affordable and improve contract management arrangements of suppliers.</i>	All	600,000	(3,000)	(3,000)	(3,000)	-

Panel	Description	Cabinet Member	Budget impacted (£'000)	2025/26 Savings proposed (£'000)	2026/27 Savings proposed (£'000)	2027/28 Savings proposed (£'000)	2028/29 Savings proposed (£'000)
The main Overview and Scrutiny	<p><u>Staffing Efficiencies</u> <i>Staffing budgets in the Council chargeable to the General Fund amount to c.£160m. All Directorates are required to deliver a 5% reduction in their staffing budget from 2025/26. Recognising all services are different, there is no single approach and instead Directorates will use a range of tools, including:</i></p> <ul style="list-style-type: none"> • <i>Implementing a vacancy rate and/or reducing vacant posts.</i> • <i>Reducing use of agency workers.</i> • <i>Review of spans and layers of control to reduce management overheads.</i> <p><i>Service efficiencies resulting in fewer employees being required.</i></p>	All	160,000	(8,560)	-	-	-
Housing Planning and Development	<p><u>Asset Management</u> <i>Continuation of current projects to review all rent and lease agreements within the commercial portfolio and a further reduction in operational sites for the delivery of Council services. Savings will be generated through increased rental income and capital receipts from the routine disposal of sites which will reduce the need for borrowing to deliver the capital programme.</i></p>	Cllr Gordon	11,000	(350)	(450)	(300)	
The main Overview and Scrutiny	<p><u>Income Generation</u> <i>Review across all services to identify commercial opportunities to expand existing income sources and new opportunities, with a focus on attracting external funding, charges reflecting the true cost of services and improving collection of income whilst also protecting those at risk of financial hardship</i></p>	All	N/A	(500)	-	-	-
TOTAL				(13,410)	(4,450)	(3,800)	0

Culture, Strategy and Engagement- Service Specific Savings

Panel	Description	Cabinet Member	Budget impacted (£'000)	2025/26 Savings proposed (£'000)	2026/27 Savings proposed (£'000)	2027/28 Savings proposed (£'000)	2028/29 Savings proposed (£'000)
The main Overview and Scrutiny	<u>Digital Transformation</u> <i>Through the Digital Service staffing restructure and a new approach, we now have a team of developers who are developing a roadmap of digital opportunities across different directorates, already adding up to almost half of the current target of £2.8m. We can now propose going further with digital transformation savings for the Council, with a target of £2m per year for each of 2026/27 and 2027/28 from across the Council. We are also already reducing the cost of our digital estate through contract and licence reductions and can propose a further £200k for 2025/26, to come from Digital Service budgets.</i>	Cllr Carlin	6,000	(200)	(2,000)	(2,000)	-
The main Overview and Scrutiny	<u>Culture</u> <i>Review discretionary culture budgets, which support cultural organisations in the borough through grant funding and commissioning to deliver the Council's civic and cultural programmes. Any potential impacts will be carefully managed and phased towards the end of the MTFS period to allow time to plan for mitigations and development of alternative funding streams</i>	Cllr Arkell	2,443	(25)	-	(100)	(125)
The main Overview and Scrutiny	<u>New Local Membership</u> <i>The proposal is not to renew our membership of the New Local think tank. Membership provides access to policy advice, a network of other Councils with shared aspirations and values and a number of events each year which officers have attended. However, membership is not essential.</i>	Leader	20	(20)	-	-	-

Panel	Description	Cabinet Member	Budget impacted (£'000)	2025/26 Savings proposed (£'000)	2026/27 Savings proposed (£'000)	2027/28 Savings proposed (£'000)	2028/29 Savings proposed (£'000)
The main Overview and Scrutiny	<i>to remove the annual budget provision (£25k pa) and in future a business case would need to be made during the budget round for the resources to undertake a residents survey.</i>	Leader	25	(25)	-	-	-
The main Overview and Scrutiny	<u>Residents Survey</u> <i>We currently undertake a formal, independent residents survey every three years. This is the only resident research we do and which is undertaken by a specialist polling company from a representative sample of residents. The cost of the survey is approximately £75,000. The relatively high cost comes from the survey being conducted in person by researchers knocking on doors. This is the 'gold standard' used for research as it captures residents who would not answer the phone or respond to online questionnaires. The proposal is to remove the annual budget provision (£25k pa) and in future a business case would need to be made during the budget round for the resources to undertake a residents survey.</i>	Cllr Carlin	600	(100)	-	-	-
The main Overview and Scrutiny	<u>Registrars</u> <i>Statutory fees that we can charge for Registrar Services have increased. The full impact of the increased fees will be seen in 2024/25 and if the current level of demand remains, an additional £90,000 of income will be achieved annually.</i>	Cllr Carlin	(532)	(90)	-	-	-
TOTAL				(460)	(2,000)	(2,100)	(125)

Adults Health & Communities – Service Specific Savings

Panel	Description	Cabinet Member	Budget impacted (£'000)	2025/26 Savings proposed (£'000)	2026/27 Savings proposed (£'000)	2027/28 Savings proposed (£'000)	2028/29 Savings proposed (£'000)
Adults and Health Scrutiny Panel	<u>Connected Care Review</u> <i>To review the delivery model for the Connected Care Service to identify alternate options for enhanced service offer and sustainability, selecting and implementing the most appropriate model to ensure this vital service best meets the needs of residents and is sustainable.</i>	Cllr das Neves	200	49	(879)	(35)	-
Adults and Health Scrutiny Panel	<u>Day Opportunities – Commissioning Review</u> <i>To undertake a commissioning review of the current range and type of day opportunities available to eligible Haringey residents and their carers.</i>	Cllr das Neves	7,500	0	(100)	(300)	(450)
Adults and Health Scrutiny Panel	<u>Integrating Connected Communities</u> <i>Further development of the Adult Social Care locality model and prevention approach: there is an opportunity to integrate the Connected Communities model and rationalise resources across the directorate.</i>	Cllr das Neves	750	(700)	-	-	-

Panel	Description	Cabinet Member	Budget impacted (£'000)	2025/26 Savings proposed (£'000)	2026/27 Savings proposed (£'000)	2027/28 Savings proposed (£'000)	2028/29 Savings proposed (£'000)
Housing Planning and Development	<u>Housing Related Support Contract Savings</u> <i>A review of contract provision across Housing Related Support has enabled a proposal of multiple lower value savings opportunities. These will be achieved by natural wastage (pausing recruitment or not recruiting to vacant posts), streamlining service delivery, exploring options for consolidating office space usage by commissioned services and ceasing delivery of small value contracts where we have clear data to show low utilisation rates.</i>	Cllr Williams	10,600	(412)	-	-	-
TOTAL				(1,063)	(879)	(35)	-

Environment and Resident Services – Service Specific Savings

Panel	Description	Cabinet Member	Budget impacted	2025/26 Savings proposed (£'000)	2026/27 Savings proposed (£'000)	2027/28 Savings proposed (£'000)	2028/29 Savings proposed (£'000)
Climate Community Safety and Environment Panel	<u>Parking Fees & Charges</u> <i>Parking and Highways Fees and Charges review to ensure Controlled Parking Zone costs are fully recovered.</i>	Cllr Chandwani	22,425	(500)	-	-	-
Climate Community Safety and	<u>Parking services optimised efficiency</u> <i>A review of parking operations to optimise efficiency levels through increase use of technology and changes to deployment plans</i>	Cllr Chandwani	22,425	(300)	-	-	-

Panel	Description	Cabinet Member	Budget impacted	2025/26 Savings proposed (£'000)	2026/27 Savings proposed (£'000)	2027/28 Savings proposed (£'000)	2028/29 Savings proposed (£'000)
Environment Panel							
The main Overview and Scrutiny	<u>Reduction in Housing Benefit accommodation costs</u> <i>Creation of a focused team dedicated to providing a joined-up assessment of Housing Benefit Supported Accommodation and the criteria for successful claims, so that it is consistent with neighbouring authorities.</i>	Cllr Chandwani		(200)	(200)	-	-
The main Overview and Scrutiny	<u>Leisure service means tested discounting</u> <i>Introduce means tested discounting for Leisure Centre memberships and services to ensure access to fitness and leisure is open to all. This replaces the current blanket discount for all customers aged 65 and over but opens up discounts to disabled young people and those on low incomes.</i>	Cllr Arkell	1,837	(200)	-	-	-
➤ The main Overview and Scrutiny and • Climate Community Safety and Environment Panel	<u>A range of Management actions:</u> <ul style="list-style-type: none"> ➤ Directorate service review (£167,000) ➤ Review of Council Tax Reduction Scheme (£2m) • Street Lighting - reduced energy costs (£67,000) • Reduction in cost of Out of Hours contract savings (£80,000) • Parking visitor voucher storage savings (£300,000) 	Cllr Chandwani	1,895 34,900 1,263 110 6,795	(2,614)	-	-	-
TOTAL				(3,814)	(200)	-	-

Children's Services and Education – Service Specific Savings

Panel	Description	Cabinet Member	Budget impacted (£'000)	2025/26 Savings proposed (£'000)	2026/27 Savings proposed (£'000)	2027/28 Savings proposed (£'000)	2028/29 Savings proposed (£'000)
Children & Young People	<u>Pendarren House</u> <i>This proposal is for Pendarren Activity Centre to become fully self funded and therefore reduce the Council's contribution.</i>	Cllr Brabazon	25	(25)	-	-	
TOTAL				(25)	-	-	

Proposed Changes to Capital Programme 2025/26 to 2029/30 Appendix 3

Adults, Communities and Health

Panel	Adults, Health & Communities (AHC)	2024/25 (£'000)	2025/26 (£'000)	2026/27 (£'000)	2027/28 (£'000)	2028/29 (£'000)	2029/30 (£'000)	Total (£'000)
	Budget	9,038	5,051	7,377	12,377	28,341	0	62,184
	Proposed Reductions							
Adults and Health Scrutiny	Osborne Grove Nursing Home	(700)	(1,000)	(5,000)	(10,000)	(28,341)	0	(45,041)
Adults and Health Scrutiny	Wood Green Integrated Care Hub	0	(1,000)	0	0	0	0	(1,000)
Adults and Health Scrutiny	Locality Hub	(810)	(337)	0	0	0	0	(1,147)
	Total	(1,510)	(2,337)	(5,000)	(10,000)	(28,341)	0	(47,188)
	Proposed Increases							
Housing Planning and Development	Initiatives under Housing Demand Programme		5,000					5,000
	Total	0	5,000	0	0	0	0	5,000
	Proposed Net Increase/(Reduction)	(1,510)	2,663	(5,000)	(10,000)	(28,341)	0	(42,188)
	Revised Budget	7,529	7,714	2,377	2,377	0	0	19,997

Proposed Reductions

- The Osbourne Grove Nursing Home scheme was in the capital programme on a self-financing basis and that it would generate enough savings by having in borough care to pay for the cost of creating and running the facility. The project has not been able to generate sufficient savings so is being withdrawn from the programme.
- The Wood Green Integrated Care Hub was an NHS led project. The NHS has decided not to proceed with the scheme so the Council contribution will no longer be required.
- The Locality Hub scheme cost has been lower than expected, so the budget can be reduced. Should further hubs be required they will be considered for

inclusion in the next budget cycle alongside other competing priorities for capital investment.

Proposed Increases

- Initiatives to reduce use of temporary accommodation. This budget is a contribution from the General Fund to the HRA for the purchase of additional houses to support more people rather than being placed in temporary accommodation. Each purchase will be subject to a business case that proves that the purchase will save more than the cost of temporary accommodation and the cost of servicing the debt.

Culture, Strategy and Engagement

Panel	Culture, Strategy & Engagement	2024/25 (£'000)	2025/26 (£'000)	2026/27 (£'000)	2027/28 (£'000)	2028/29 (£'000)	2029/30 (£'000)	Total (£'000)
	Current Budget	54,025	36,941	12,954	1,570	0	0	105,490
	Proposed Reductions							
The main Overview and Scrutiny	Alexandra Palace	0	0	(1,540)	0	0	0	(1,540)
	Total	0	0	(1,540)	0	0	0	(1,540)
	Proposed Increases							
The main Overview and Scrutiny	Capital support for delivering digital solutions	0	1,965	1,000	0	0	0	2,965
	Total	0	1,965	1,000	0	0	0	2,965
	Proposed Net Increase/ (Reduction)	0	1,965	(540)	0	0	0	1,425
	Revised Budget	54,025	38,906	12,414	1,570	0	0	106,915

Proposed Reductions

- Following a review of capital expenditure needed for Alexandra Palace, it is proposed that £1.5m can be removed for 2026/27 but this will be subject to review as part of the 2026/27 budget setting process.

Proposed Additions

- Increasingly, organisations like the Council, are more and more reliant on IT for the delivery and transformation of services. This investment is required to allow the Council to continue to improve service delivery and efficiency and the resident experience by investment into replacement and new digital tools.

Environment and Resident Experience

Panel	Environment & Resident Experience	2024/25 (£'000)	2025/26 (£'000)	2026/27 (£'000)	2027/28 (£'000)	2028/29 (£'000)	2029/30 (£'000)	Total (£'000)
	Budget	35,060	26,043	32,167	33,197	28,360	0	154,825
	Proposed Reductions							
The main Overview and Scrutiny	Move Broadwater Farm Leisure Refurb to HRA	0	(236)	0	0	0	0	(236)
Climate Community Safety and Environment	Decentralised Energy Networks	(6,597)	(10,326)	(16,750)	(16,000)	(17,813)	0	(67,486)
The main Overview and Scrutiny	Reduce Festive Lighting Lights	0	(75)	0	0	0	0	(75)
Climate Community Safety and Environment	Borough Roads	0	(1,250)	0	0	0	0	(1,250)
	Total	(6,597)	(11,887)	(16,750)	(16,000)	(17,813)	0	(69,047)
	Proposed Increases							
Climate Community Safety and Environment	Structures (Cornwall Road, Ferry Lane, & Wareham Road Bridge)	0	2,100	0	0	0	0	2,100
Climate Community Safety and Environment	Flood Water Management	0	1,200	900	900	900	900	4,800
The main Overview and Scrutiny	Replacement Parks and Housing Machinery	0	300	250	100	50	50	750

Climate Community Safety and Environment	Borough Parking Plan	0	250	250	250	250	250	1,250
Climate Community Safety and Environment	Increase in Disabled Bays	0	150	80	80	80	80	470
Climate Community Safety and Environment	New Communal Refuse Round Vehicles		180					180
Climate Community Safety and Environment	Waste Vehicles and Bins	0	0	25,101	0	0	0	25,101
	Total	0	4,180	26,581	1,330	1,280	1,280	34,651
	Net Increase/(Reduction)	(6,597)	(7,707)	9,831	(14,670)	(16,533)	1,280	(34,396)
	Revised Budget	28,463	18,336	41,998	18,527	11,827	1,280	120,429

Proposed Reductions

- Given the current financial constraints of the Council, it is proposed to reduce spend on the borough's roads in 2025/26 only and review again as part of the 2026/27 budget setting process. This will result in an average reduction of 33 to 23 road resurfacing schemes and a reduction of footway renewal schemes from 24 to 15.

Proposed Additions

- The addition to the structures budget is necessary to fund urgent works to the bridges listed in the table above.
- Ongoing management of the infrastructure across the borough to manage flooding and surface water is essential and this proposed addition to the capital programme will allow for an annual rolling programme of maintenance to upgrade the existing infrastructure to combat the effects of climate change.
- Maintenance of the borough's parks and open spaces requires the routine replacement of parks and housing machinery, and this additional scheme will allow for an annual rolling programme of replacement.
- The Parking Investment Plan 2024/25 was approved by Cabinet on 12th March 2024 and the Council has a commitment to review all its controlled parking zones (CPZ) on a 5-year cycle and to implement new ones where there is a need.
- The extension of disabled parking facilities remains a priority. This service is essential for those with disabilities, who need to rely on car use for their independence. This includes access to education, employment, and leisure.

In 2025/26 it is aimed to significantly increase disabled parking provision near to places of interest. This will include (but is not limited to) high streets, medical centres, places of worship, community centres, and parks, completing the work undertaken in 2024/25. The disabled bays budget will allow the Council to meet this priority.

- The introduction of a new communal refuse round will require additional vehicles and machinery.
- The Council is retendering its waste collection service with a view to having a new service in place for April 2027. Currently the Council pays Veolia to provide vehicles in their contract price. It is estimated that the Council can fund the vehicles in a more financially advantageous manner.
- Tottenham Hale and Wood Green Decentralised Energy Networks (DEN). Given the Council's current financial position, the current Council led delivery model is no longer viable. Discussions are underway with Department of Energy Security and Net Zero (DESNZ) on the future scope of these schemes to eliminate the financial dependency on the Council whilst still supporting the Government's emerging policy on Heat Zoning. This scheme will be removed from the programme until future plans have been determined. Any future council funded capital requirement will be considered as part of future annual review of the Capital Programme and affordability will need to be considered alongside all other Council priorities for future capital investment.

Placemaking and Housing

Panel	Placemaking & Housing	2024/25 (£'000)	2025/26 (£'000)	2026/27 (£'000)	2027/28 (£'000)	2028/29 (£'000)	2029/30 (£'000)	Total (£'000)
	Budget	160,940	47,927	131,646	4,200	0	0	344,713
	Proposed Reductions							
The main Overview and Scrutiny	Wards Corner	(6,085)	(2,937)	(1,400)	(1,200)	0	0	(11,622)
The main Overview and Scrutiny	Wood Green Regen	0	(1,449)	(552)	0	0	0	(2,000)
The main Overview and Scrutiny	Tottenham Streets & Spaces	(4,820)	(1,300)	0	0	0	0	(6,120)

	Total	(10,905)	(5,686)	(1,952)	(1,200)	0	0	(19,742)
	Proposed Increases							
Housing Planning and Development	Asset Management of Council Buildings	0	2,245	5,100	5,005	897	0	13,247
	Total	0	2,245	5,100	5,005	897	0	13,247
	Net Increase/(Reduction)	(10,905)	(3,441)	3,149	3,805	897	0	(6,495)
	Revised Budget	150,035	44,486	134,795	8,005	897	0	338,218

Proposed Reductions

- The Wards Corner scheme under its current design is not financially viable and is proposed to remove from the capital programme until more detailed plans come forward. The Council has a compulsory purchase order in place to acquire properties on Wards Corner and this commitment will remain. The cost of any acquisitions will be funded through the Capital Programme's unallocated contingency line.
- The current capital programme includes a number of different schemes for place shaping in Wood Green and Tottenham Hale funded by borrowing of £7.6m and £16.4m respectively. Any schemes that are not yet committed are currently under review to ensure that the Councils takes a holistic view on capital investment across these two geographical areas and focus spend where it will have the biggest impact.

Proposed Additions

- The recent survey of the Council's operational and commercial estate has identified that just over £13m will be required over the next five years to maintain the Council's estate. The Council is currently reviewing all of its operational estate to determine service delivery requirements for the future and therefore decisions on maintenance spend will be determined by the long-term use of each building. This budget will be subject to annual review.

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?

Savings Tracker 2024-25				Red	Saving fully/partially unachievable	
				Amber	Saving achievable but full/partial slippage required	
				Green	Saving met in full and on time	
Saving proposal	2024/25 £'000s	2024/25 Projected Full Year Savings £'000s	2024/25 Savings (surplus)/ shortfall £'000s	RAG Status (Delivery of 2024/25 Saving)	Comment on Delivery RAG Status	Actions plans to mitigate shortfall
Delayed Savings	100	100	0	Green		
Development Management & Building Control income and fees	10	10	0	Green		
Reduce Local Plan budget for community engagement	20	20	0	Green	On Track. This will result in increased scope of engagement exercises from the end of 2024	
Property Data project to maximise asset efficiency and develop a disposal pipeline	184		184	Red	We are not yet seeing the reduction in demand from the corporate estate to reflect future service demand, as service redesign not yet been completed. Mitigations are being put in place and therefore reported as red and relies on Council wide decision to vacate buildings, but this would have service delivery implications. The proposal to merge Hard and Soft FM services is not yet completed. Soft FM has a forecast pressure of circa £500k, for which solutions need to be implemented, but does mean a worst starting position from what was assumed, when this saving was originally put forward.	
Stop sending letters to residents notifying of nearby planning applications and consultation	0		0			
Commercial portfolio - rental and other commercial opportunities	0		0			
Initial Property disposals one-off Capital receipts to reduce borrowing	0		0			
DM&E - Planning Application Fees increase	30		30	Red	Statutory income last year was less than the previous year despite 25% increase in fees, 100k saving put forward last year was not achieved so risk to this further £30k being achieved.	

Savings Tracker 2024-25				Red	Saving fully/partially unachievable	
				Amber	Saving achievable but full/partial slippage required	
				Green	Saving met in full and on time	
Saving proposal	2024/25 £'000s	2024/25 Projected Full Year Savings £'000s	2024/25 Savings (surplus)/ shortfall £'000s	RAG Status (Delivery of 2024/25 Saving)	Comment on Delivery RAG Status	Actions plans to mitigate shortfall
PPTI + DM&E - Implement Planning Peer Review* recommendations on commercialisation and income	120	120	0	Amber	This saving target was given before Peer Review report was published. Report did not highlight any areas for missing income but did highlight opportunities for further commercial activity and plans are underway.	
Proposal is for a restructure which delivers savings to general fund revenue (alongside reductions in HRA and Capital).	100	100	0	Red	£58,000 savings achieved. Resutstructure has now been halted, looking at alternative solutions to achive savings.	
Transfer x10 Complex Needs Families with high provider costs into housing	100	0	0	Amber	Difficulty in securing accommadation to support large families, Programme of work implemented.	
Modular Build (B) New site and project - Additonal Lodge	0	0	0	Red	Potential sites being explored but final site not confirmed. Once site is confirmed, design, planning permission and consultation will all be needed before the build can start. Delivery unlikely in 2024/25 but expected to be fully delivered in 2025/26.	TA Sprint has identified additional options. Near to confirmation of site. Link to AHC SAV 006
Extended Provision (Lodge & Council-owned buildings)	251	0	251	Amber	Delayed progress on developement of Station Road Lodge, Now progressing with tight deadline but won't deliver in year. Extension to Russell Road hostel not viable so alternatives being identified.	Close project management of delivery of Station Road Lodge. Work during TA Sprint has identifed additional sites for consideration and options for properties that can be brought back into use. Link to AHC SAV 25
Use 1 bed social housing as Temporary Accommodation (TA)	69	35	34	Amber	Some properties have been set aside for this purpose but still limited access to voids that are ready. This has been identified as a key priority within the annual Lettings Plan and improvements to voids performance and close monitoring is expected to increase properties available.	Identified as a priority in annual Lettings Plan. Void improvement works and close monitoing of use of available properties.

Savings Tracker 2024-25				Red	Saving fully/partially unachievable	
				Amber	Saving achievable but full/partial slippage required	
				Green	Saving met in full and on time	
Saving proposal	2024/25 £'000s	2024/25 Projected Full Year Savings £'000s	2024/25 Savings (surplus)/ shortfall £'000s	RAG Status (Delivery of 2024/25 Saving)	Comment on Delivery RAG Status	Actions plans to mitigate shortfall
Targeting families that have been in TA for significant number of years	400	200	200	Amber	Most of the families who have waited longest need larger properties. Delay in new build programme and competing priorities for 'relet' voids as they become available will support delivery of this reduction.	As above. Should be able to catch up when new build becomes available for letting and voids backlog is cleared.
Lease conversion Project	175	0	175	Amber	A higher proportion of landlords who lease to the Council are wanting their properties back rather than agreeing to convert to HfH leases, thereby reducing supply of accommodation. VfM review of HfH leases may mean this saving is no longer achievable and alternative savings are being identified.	Explore alternative approaches for delivering leases as part of the VfM review.
Housing Demand- Using 2 bed social housing as temporary accommodation	37	17	20	Amber	Relies on improved voids performance and the ability to prioritise the available voids for this purpose alongside other competing priorities' for properties. This hasn't been possible at the start of the year but the position should improve as the voids backlog clears and the letting of new builds leads to other voids becoming available.	Voids Improvement Plan Sprint identified need to work end to end across the teams which will be addressed.
Housing Demand- Targeted 1 bedroom move on project	57	28	29	Amber	Officer in place and assessments being completed - moves should start to increase as voids become more readily available.	
Cross check all people housed in temporary accommodation for entitlement (proactive fraud exercise)	200	100	0	Amber	Housing Demand will target the use of Occupancy Officers to support this work.	

Savings Tracker 2024-25					Red	Saving fully/partially unachievable
					Amber	Saving achievable but full/partial slippage required
					Green	Saving met in full and on time
Saving proposal	2024/25 £'000s	2024/25 Projected Full Year Savings £'000s	2024/25 Savings (surplus)/ shortfall £'000s	RAG Status (Delivery of 2024/25 Saving)	Comment on Delivery RAG Status	Actions plans to mitigate shortfall
Housing Demand- Core staffing budget savings Housing Related Support - By reducing the spend on non-statutory contracts held by HRS, as well as reducing the contribution made by HRS to internal services; HRS can make savings of £451,500 in 24/25. Due to an error relating to the inclusion of £400K of Housing Demand staffing savings in phase 1 the first £400K of this saving will offset that error leaving a new phase 2 saving of £51,500.	400	200	0	Green		
Service efficiency review	200	200	0	Green	On track	
Total	2,453	1,130	923			

Savings Tracker 2024-25

Saving proposal	2025/26-2028/29				Panel
	2025/26 £'000s	2026/27 £'000s	2027/28 £'000s	2028/29 £'000s	
Delayed Savings	70				Housing, Planning & Development Panel
Property Data project to maximise asset efficiency and develop a disposal pipeline	443	585	635	275	Housing, Planning & Development Panel
Stop sending letters to residents notifying of nearby planning applications and consultation	10	0	0	0	Housing, Planning & Development Panel
Commercial portfolio - rental and other commercial opportunities	75	50	100	75	Housing, Planning & Development Panel
Initial Property disposals one-off Capital receipts to reduce borrowing	0	0	0	335	Housing, Planning & Development Panel
Modular Build (B) New site and project - Additonal Lodge	126	0	0	0	Housing, Planning & Development Panel
Extended Provision (Lodge & Council-owned buildings)	118	0	0	0	Housing, Planning & Development Panel
Use 1 bed social housing as Temporary Accommodation (TA)	69	0	0	0	Housing, Planning & Development Panel
Targeting families that have been in TA for significant number of years	0	0	0	0	Housing, Planning & Development Panel
Lease conversion Project	54	0	0	0	Housing, Planning & Development Panel
Total	965	635	735	685	

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Housing, Planning & Development Scrutiny Panel

Work Plan 2024 – 2026

<p>1. Scrutiny review projects; These are dealt with through a combination of specific evidence gathering meetings that will be arranged as and when required and other activities, such as visits. Should there not be sufficient capacity to cover all these issues through in-depth pieces of work, they could instead be addressed through a “one-off” item at a scheduled meeting of the Panel. These issues will be subject to further development and scoping. It is proposed that the Committee consider issues that are “cross cutting” in nature for review by itself i.e., ones that cover the terms of reference of more than one of the panels.</p>		
Project	Comments	Priority
TA Placements Policy & TA Discharge of Duty Policy	The Panel would like to do a short review to align with the development of these two strategies. The Panel would like to look at Temporary Accommodation and how the organisation decides who is placed in what type of property. The Panel is concerned about the use of expensive nightly paid accommodation and the use of Travelodges. The Panel would also like to look at the types of accommodation that we place people in to discharge out housing duty, particularly use of the private rented sector.	

<p>2. “One-off” Items; These will be dealt with at scheduled meetings of the Panel. The following are suggestions for when particular items may be scheduled.</p>	
Date	Potential Items

2024/25	
30 July 24	<ul style="list-style-type: none"> • Terms of Reference • Housing Asset Management Plan • Leaseholders • Fire Safety Action Plan
26 September 2024	<ul style="list-style-type: none"> • Housing Strategy & Policies Programme • HRA Capital Governance • Placemaking Programmes and Funding • Response to Ombudsman Complaint in relation to Planning Application HGY/2022/4537
05 November 2024	<ul style="list-style-type: none"> • Housing Associations • Work Programme
21 November 2024 (Budget Meeting)	<ul style="list-style-type: none"> • Budget scrutiny
06 March 2025	<ul style="list-style-type: none"> • Local Plan (TBC) • Aids & Adaptations (Joint update from Adults & Housing) • Update on the Council's Housebuilding Programme • Allocations Policy • Cabinet Member Questions (Cllr Williams) <p>* The finalised list of items for this agenda will be agreed closer to the time and will be dependent upon the wider submission timescales for the Local Plan and the Allocations Policy.</p>
2025/26	

Meeting 1	<ul style="list-style-type: none"> • Terms of Reference • Update on the Housing Improvement Programme and outstanding actions from the Social Housing regulator referral • Repairs and Cyclical maintenance of existing estates • 12 month update on the actions from the Review into PRS
Meeting 2	<ul style="list-style-type: none"> • Update on Fire Safety Actions • Cabinet Member questions (Cllr Gordon)
Meeting 3	<ul style="list-style-type: none"> • Update on Homelessness and TA. • Further update on the Neighbourhood Moves Scheme (Update on its implementation and progress to date) • Cabinet Member questions (Cllr Williams)
Meeting 4 (Budget)	<ul style="list-style-type: none"> • Budget Scrutiny • Update on Legal Disrepair claims
Meeting 5	<ul style="list-style-type: none"> • New Social Housing Consumer Standards • Voids

Indicative future agenda items:

- Local Plan update
- Allocations Policy
- An update on zero carbon future building projects and zero carbon demolition projects. It was suggested that this could dovetail with an update on the Local Plan.
- Complaints and how do we handle these? Learning from complaints.

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